PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 539 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2010–2012

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23 January 2012

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE FIRST SESSION OF THE FIFTY-FIFTH PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 18 MAY 2010]

SIXTIETH YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 539**

THIRTIETH VOLUME OF SESSION 2010-2012

House of Commons

Monday 23 January 2012

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Work Programme (Performance Data)

1. **John Woodcock** (Barrow and Furness) (Lab/Co-op): For what reasons Work programme contractors are not permitted to publish their performance data. [90837]

The Minister of State, Department for Work and Pensions (Chris Grayling): I thought that this afternoon we might have been extensively debating the benefits cap, but no Labour Members have been brave enough to raise the issue; I cannot think why.

The Department is following guidance issued by the national statistician in order to comply with the code of practice for official statistics and to protect the integrity and accuracy of data. However, we propose to allow providers to publish data that do not compromise the official statistics and will issue guidance to providers shortly.

John Woodcock: As the Minister knows, under the flexible new deal, providers were allowed to publish their data if they wanted to. If he is confident in his Work programme and knows that he has got the contracting incentives right, about which there is some doubt, why on earth is he refusing to let these providers publish their data if they want to?

Chris Grayling: It is precisely because I am keen to get information out there that we are looking at ways to ensure that that can happen, despite the rules about national statistics, which we have to obey very carefully. If the hon. Gentleman wants some statistics about employment programmes, let me share a set with him. The flexible new deal, to which he referred, cost the taxpayer £770 million and delivered 50,000 six-month job outcomes. He can do the maths on that—it amounts to approximately £14,000 per six-month job outcome. That is one failure of the welfare-to-work programmes we inherited, and that is why the welfare-to-work package that we have put together through the Work programme will be better value for the taxpayer and do a better job for the unemployed.

Mr Julian Brazier (Canterbury) (Con): Following that robust answer, does my right hon. Friend agree that when we are able to publish these data, they are likely to show the success of putting work out to contract when we see that organisations such as the Shaw Trust are much better at providing work for disabled people than the work done in-house by the Benefits Agency?

Chris Grayling: When I visit Work programme providers —I have now visited most of them—I certainly find a great deal of enthusiasm, a sense of purpose and successful progress. I hope that that will show through in the official statistics when the time arises. I am not in the business of burying good news, and I very much hope that we will be getting the good news about the Work programme out there as soon as we possibly can.

Stephen Timms (East Ham) (Lab): I welcome the U-turn on the publication of data that the Minister has just announced. The White Paper, "Open Public Services", which was published only last summer, included the following commitment:

"Providers of public services from all sectors will need to publish information on performance".

So why did he write into the Work programme contract a ban on the publication of performance data by those providers?

Chris Grayling: As we can all see, one of the challenges that Labour Members face at the moment is that they are all over the place on policy. On Friday, they were attacking me for allegedly misusing statistics; today they are asking why I am not going round the rules set out for us by the Office for National Statistics. They need to make up their minds about what they really stand for, because at the moment they have no idea.

Stephen Timms: The Minister has signally failed to answer the question. We know that he did not ask the UK Statistics Authority, whose rules he regularly quotes, before he imposed this absurd ban. I welcome the fact that he has finally announced a climbdown today, but he cannot blame anyone for asking him what he was trying to hide.

Chris Grayling: I have absolutely nothing to hide. I have to say to the right hon. Gentleman, as I have been saying to him for weeks, that I am not in the business of burying bad news. None the less, the statisticians expect us to make sure that we have robust and clear statistics before we publish them. As the Work programme has been going for only six months, and we have barely started to make payments for providers' success in getting people into work, he is, I am afraid, not portraying the reality of the situation. I am glad that he is pleased that we are going to try to get the good news out there as quickly as possible, but we have to stick by the rules.

Charlie Elphicke (Dover) (Con): Is not the key point that statistics must be first approved by the UK Statistics Authority? Will Ministers ensure that when statistics are available, the success of the benefits cap is also published, with the approval of the UK Statistics Authority?

Chris Grayling: I will absolutely do that because, as my hon. Friend knows, we are all about trying to help people out of poverty by getting them back into work. The benefits cap is one part of a portfolio of policies—including universal credit, the Work programme and the migration of people off incapacity benefit—that will deliver the kind of change to our welfare state that we so desperately need and was so desperately lacking in 13 years under Labour.

Kate Green (Stretford and Urmston) (Lab): The Minister will be aware that it is expected that the number of claimants on employment and support allowance who are routed to the Work programme will be about 150,000 lower than was expected when the contracts were let. What assessment has he made of the impact on their viability?

Chris Grayling: Overall, as the hon. Lady will have seen from the figures that we published before Christmas about expected numbers in the Work programme, we are likely to see more people in the harder-to-help groups go into the programme than was previously expected. However, she will also have seen from the previous sets of statistics on ESA that we have a larger than expected support group, which is partly because of policy changes that we have made in areas such as cancer, addiction and mental health in which we are trying to provide better long-term protection for people who are genuinely vulnerable.

Personal Independence Payment

2. **Nadine Dorries** (Mid Bedfordshire) (Con): What steps he took to consult disabled people and representative organisations on the development of the personal independence payment. [90838]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): We have consulted disabled people and their representative organisations at all stages of the development of the personal independence payment. That included a formal consultation in December 2010 and our response which was published in April 2011; an informal consultation on the draft assessment criteria in May 2011; and a 15-week formal consultation on the revised assessment criteria, which started on 16 January this year.

Nadine Dorries: I thank the Minister for that answer. Agate house in my constituency, a Leonard Cheshire home in Ampthill, looks after some of the most severely disabled residents. Some are born disabled and many have degenerative illnesses that mean that they will need greater levels of care in future. They will never need less care than they do today or be less disabled, yet they all have to go through the ignominy and bureaucratic process of an assessment of their allowance once a year. Will the Minister examine that matter? It seems an incredible waste of money, a bureaucracy, a waste of civil servants' time and an embarrassment to residents. Could we change that?

Maria Miller: I thank my hon. Friend for her question and say to her that we absolutely share the objective of ensuring that the people with the severest challenges in living independently in our society do not receive undue assessments. At the moment there is no in-built reassessment under disability living allowance. She put her question in the present tense—I am not sure whether she was referring to other things for which people are assessed. I reassure her that under PIP, we do not intend to have fixed annual reassessments. They will be made based on individuals' personal circumstances.

Barbara Keeley (Worsley and Eccles South) (Lab): In their report "Responsible Reform", disabled people and carers analysed the responses to the Government's consultation and raised many issues about the replacement of disability living allowance. Carers UK has also expressed deep concern about the impact on carers of cuts to disability benefits, yet today we learn that 5,000 carer households will be hit by the mean reduction of £87 a week as a result of the benefits cap. Will the Minister now publish an assessment of the impact on carers of all the Government's cuts?

Maria Miller: To give the House total clarity I should say that the report that the hon. Lady references was highly selective. It examined only about 10% of the responses that we received on the DLA and PIP consultation.

I will answer the hon. Lady's question about carers directly as she, like me, wants to ensure that carers get the support that they need. We have already made it

clear that carers will be eligible for carer's allowance as a result of the person for whom they are caring being in receipt of either level of PIP.

Jenny Willott (Cardiff Central) (LD): Many disabled people are deeply unhappy about the performance of Atos Origin in administering the work capability assessment. As a result, they are scared about the introduction of the new PIP assessment. What discussions has the Minister had with disability organisations about who will carry out the new assessments, and what reassurance has she been able to give them that the mistakes made with the work capability assessment will not be repeated with PIP?

Maria Miller: My hon. Friend will be aware that the new personal independence payment assessment will be separate from the WCA, and that any contracts that are in place for Atos are not at all connected with the new assessment that we need for PIP. In fact, a formal competition document is going out today to start the commercial process. To reassure her about the involvement of disabled people, I say that we already have an implementation development group, which involves disabled people closely at every step of the way.

Mrs Anne McGuire (Stirling) (Lab): Just for balance, I should like to put on record my thanks to those who gave us the Spartacus report, which was a challenging document and took apart some of the Government's points.

The Dilnot report recommended that universal disability benefits for people of all ages should continue as now. However, under the new PIP the Government are scrapping low-rate care. Some 500,000 people, and probably more, could face escalating unmet needs that will result in pressure on council care services. What specific discussions has the Minister, as lead for the Office for Disability Issues, had on the changes with her colleagues in the Department of Health and the Department for Communities and Local Government, and with the Scottish and Welsh Governments, and what action has she taken as a result of any conversations?

Maria Miller: The right hon. Lady will know that we have been having very close conversations with both the devolved authorities and the Department of Health, and she is right that we have to consider the changes that are happening in the round. She should also be mindful of the fact that the changes that we are making under the PIP will remove something that we inherited from the previous Government—£600 million a year going out in overpayments to people whose conditions have changed and who no longer need the same level of support.

Health and Safety Regulation

3. **Jessica Lee** (Erewash) (Con): What steps he has taken to reduce the level of health and safety regulation affecting business. [90839]

7. **Mr Tobias Ellwood** (Bournemouth East) (Con): What steps he has taken to reduce the level of health and safety regulation affecting business. [90843]

8. **David Rutley** (Macclesfield) (Con): What steps he has taken to reduce the level of health and safety regulation affecting business. [90845]

The Minister of State, Department for Work and Pensions (Chris Grayling): Britain has the best record in Europe for the prevention of death and serious injury in the workplace. We should be proud of that, and we will seek to retain it under the Government. We also have one of the worst records in Europe for unnecessary health and safety red tape. The Lõfstedt report, which we published in November, recommends significant changes to our regulatory regime. We accepted the recommendations and, with other planned changes, we aim to reduce the total number of health and safety regulations by 50% by 2014.

Jessica Lee: My right hon. Friend referred to the Lõfstedt review. Does he agree that, by returning to a common-sense approach to health and safety legislation, businesses such as mine in Erewash can concentrate on positively contributing to the local economy rather than fearing unnecessary prosecution?

Chris Grayling: Absolutely. That is very much our hope. We have already implemented one of the key recommendations of the Lõfstedt review. On 1 January, we established the first challenge panel, which will allow businesses that believe that they are on the wrong end of a wrong decision as a result of a health and safety inspection to have a quick, easy and simple way of challenging and, if necessary, overturning it.

Mr Ellwood: Is it not the case that a culture of hesitancy, leading to paranoia, developed under the previous Government? That culture saw the term "health and safety" justify bizarre decision making, such as cutting down trees in school playgrounds in case children climbed them, or council office light bulbs being replaced only by those who had completed the "how to use a six-foot ladder" course. I hope that we will see some change from this Government on those issues.

Chris Grayling: We hope that a simpler regulatory structure will contribute to that. If we take the example of schools, we have already shortened the forms that need to be filled in for a school trip from more than 120 pages to eight. I encourage every Member of the House, including you, Mr Speaker, to challenge daft health and safety decisions when you come up against them in your constituency. There is almost certainly no basis for them in health and safety law.

David Rutley: The average annual cost of compliance with health and safety regulations is more than £4,000 for businesses of fewer than 50 employees. What steps are being taken to reduce further the burden of health and safety regulations on our start-ups?

Chris Grayling: That is particularly important. One of the Lõfstedt review's key recommendations was that we should exclude altogether from health and safety rules self-employed people who do not endanger the lives of others in the course of their activities. We have accepted that recommendation and will introduce it shortly.

Andrew Miller (Ellesmere Port and Neston) (Lab): As a member of the Löfstedt review, I can confirm that there is a recommendation that has the potential to reduce significantly the net number of regulations. Will the Minister confirm that the review actually recommends consolidating lots of statutory instruments? It would not remove health and safety regulations and, more importantly, it is not a short, quick fix, but a very long-term systematic study that is needed.

Chris Grayling: Let me pay tribute to the hon. Gentleman for his work on that committee—his contribution was much appreciated and greatly valued. He is absolutely right, though I emphasise that there is a mix. Today, we have begun a consultation on scrapping the first seven regulations that we have identified as superfluous or duplicating other provisions. As I said at the start of my remarks, our approach is not about undermining health and safety, which protects people from death and serious injury in the workplace, but about creating a streamlined and simple system that businesses can understand quickly, easily and cost effectively.

Katy Clark (North Ayrshire and Arran) (Lab): The Minister will know that the Health and Safety Executive estimates that, each year, £22 billion is lost in the UK economy because of health and safety failures. Surely any reduction in health and safety regulation risks increasing that figure.

Chris Grayling: That does not follow because the Löfstedt review—and the hon. Member for Ellesmere Port and Neston (Andrew Miller)—identified many areas in which the rules and codes of conduct are too complicated and difficult for businesses to understand. We need to get back to a simple regime that is easy to understand and does what it is supposed to do: protect people from death and serious injury in the workplace.

Sheila Gilmore (Edinburgh East) (Lab): Given that the Löfstedt report does not say that our health and safety legislation is either excessive or wrong, will the Minister also say that and stop peddling the myths on health and safety legislation—the Löfstedt report says that they are myths—that some of his colleagues keep peddling?

Chris Grayling: The hon. Lady misunderstands the challenge we face. It is not Members of the House peddling myths; they are peddled all around the country, by local authority inspectors and middle managers in organisations who blame health and safety for things that have no basis in health and safety law. If we have a simplified regime that everyone can understand, it is much less likely that they can get away with doing that.

Disabled People (Residential Training)

4. **Stuart Andrew** (Pudsey) (Con): What plans he has to support residential training colleges for disabled people. [90840]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): DWP adult residential training provision is delivered in nine colleges. The Sayce review of specialist disability employment provision recommended that funding should focus on the individual rather than the institution. While the Government consider how to proceed following the recent public consultation, and to support the colleges through any period of transition, I have committed to provision continuing through to the end of the academic year ending summer 2013.

Stuart Andrew: I am grateful for that answer. Residential training colleges have built up a great deal of expertise in supporting disabled people back into work. How will my hon. Friend ensure that that expertise is preserved?

Maria Miller: My hon. Friend is absolutely right. We need to ensure that that expertise is protected and retained. That is why I have given a personal commitment to the colleges for provision to continue through to summer 2013. Indeed, other parts of DWP are supporting colleges to broaden their approach, particularly those such as Enham in Hampshire and near my constituency, which delivers the Work programme in the Thames valley and on the Isle of Wight.

Universal Credit (IT Systems)

5. **Sarah Newton** (Truro and Falmouth) (Con): What assessment he has made of the information technology systems which will support universal credit. [90841]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): Universal credit is on track and on budget. The systems are not new or complex. After all, more than 60% of the total developed system is based on reusing existing IT. New developments will use tried and tested technology. The key difference between how this Government are doing things and how they were done before is that we have adopted commercial "agile" design principles to build the IT service for universal credit in four stages, each four months long.

Sarah Newton: I thank my right hon. Friend for his answer. Given the billions of pounds that were wasted by the previous Government on failed IT programmes, this matter is vital to me and my constituents. Will my right hon. Friend therefore explain to colleagues more about the testing regime before the new system is implemented?

Mr Duncan Smith: I should tell my hon. Friend that I am not complacent about delivery. Hon. Members on both sides of the House know that IT developments can have difficulties and can go wrong at key points, even when we are not expecting them to do so. I am trying to ensure that Ministers are directly involved at every turn. We get weekly updates and have fortnightly meetings with those in charge. I set up a programme board, which I chair, and a senior sponsorship group, which includes Her Majesty's Revenue and Customs, the programme board and the Department for Work and Pensions. The major projects review group has regular reviews. "Agile" principles make it easier for us to pinpoint where there might be failures.

Glenda Jackson (Hampstead and Kilburn) (Lab): This morning on the "Today" programme, the Secretary of State declared that he knew where and who the families were who would be most adversely affected by the introduction of universal credit. They will lose their

homes, their children will lose their schools and they will have to find new medical treatments. Why does he need that system, and has he begun the process of informing those families about the cataclysm that he will bring down on their heads?

Mr Duncan Smith: With respect to the hon. Lady, she is mixing up policies. This question is about universal credit, but she is referring to the cap. I am sorry that no Opposition Member tabled a question on the cap—there might be a reason for that, but I do not quite know what it is.

What I said this morning was quite clear. I said that when it comes to the cap and smaller numbers of people, we have worked very hard over the last nine months or so to ensure that we know who will be eligible to fall within the cap. We know exactly all their details, which will make it easier for us to help them through the process. She should have a word with Opposition Front Benchers, and ask them why they did not ask a question about the cap.

Mr Peter Bone (Wellingborough) (Con): When the Secretary of State introduces the new IT system, will he consider introducing a skills database for all those who want a job, enabling employers to dial into the database and match the skills required with the person seeking a job, as against the other way round as at present?

Mr Duncan Smith: That is a very good idea and I am certainly ready to discuss it with my hon. Friend. If we can make something work, it would be brilliant.

Nick Smith (Blaenau Gwent) (Lab): The information technology necessary for university credit will depend on the Revenue's new PAYE real time system. Is the Minister confident that every employer will be using the system successfully by next October?

Mr Duncan Smith: We are working towards that, and so far it has been a success. Small companies of nine employees or fewer will have access to free software upgrades, so those that do not have a software payroll system will not incur any great charge. We are running trials that will start in April and that will join with the DWP in October. We are on target and we will continue to work towards that date. That is our expectation and ambition.

Sickness Benefit (UK Citizens Abroad)

6. **Priti Patel** (Witham) (Con): What steps he plans to take to reduce the cost of sickness benefit paid to UK citizens living abroad. [90842]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): We are bound by EU rules to pay sickness benefits abroad when people are eligible. I emphasise that they need to be eligible, and the same rules apply to the contributory element on employment and support allowance and incapacity benefit—there are no additional limits. We are determined to clamp down on people claiming when they are not eligible, and we are arguing that through at the moment, even in the Commission.

Priti Patel: In the light of the significant sums being paid in sickness benefits to UK citizens abroad will my right hon. Friend update the House on the legal dispute between the Government and the European Commission? Will he assure me that he will fight the Commission all the way on this matter?

Mr Duncan Smith: The Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling), is in the Councils on this one. My hon. Friend refers to the Commission's idea that the habitual residency test should be abolished. That is quite wrong and we disagree with it fundamentally, but we are not alone: a large number of European nations disagree with the Commission and we join them in saying that this is a step too far—a leap into an area that has always been preserved for national Governments and in which it has no right. We will fight this, and I believe that we will win.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): This is a very serious issue, but will the Government's programme of closing the DWP's overseas network in many countries around the world help or hinder efforts to ensure that benefits are paid only to those entitled to them?

Mr Duncan Smith: I believe that the hon. Lady's question is not directly relevant to whether we are able to spot whether people are eligible, because anybody who claims will have to go through exactly the same checks as they would in the UK. That in itself will be a bit of a deterrent in their trying to claim something from a foreign doctor.

Universal Credit

9. **Chris Kelly** (Dudley South) (Con): What recent progress he has made on delivering universal credit. [90846]

19. **Caroline Dinenage** (Gosport) (Con): What recent progress he has made on delivering universal credit. [90857]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): Design work is well under way. As I said earlier, we are continually testing with staff and claimants to ensure that it works and that we make progress. On 8 December the major projects review group panel report acknowledged that significant progress had been made over the past few months.

Chris Kelly: How many households are expected to receive a higher entitlement as a result of the universal credit, and how will it help hard-working families in constituencies such as mine?

Mr Duncan Smith: Universal credit will be a major sea change for my hon. Friend's constituents, who will appreciate the fact that for the first time ever we will guarantee that work pays. Figures show that 2.8 million households will have higher entitlements under the universal credit.

Caroline Dinenage: Is there any flexibility in the way in which the universal credit will be paid? For example, could it be paid weekly rather than monthly, and could its housing component be paid directly to landlords in order to protect vulnerable families?

Mr Duncan Smith: I thank my hon. Friend for that question. She has raised an issue that has been raised by a number of people. The reason why we want to try to pay universal credit monthly is simply that when unemployed people go back to work, they sometimes have to adjust to their wages being paid monthly rather than bi-weekly, which often causes them problems. One of the reasons why they often fall out of work is that they cannot settle on that. We want to try and pay the universal credit monthly, so that it assists them. We will give every bit of assistance we can to all those who have difficulty to help them manage their budgets, which will include a new test on the way we pay housing benefit and the way it will be allocated through their bank accounts. I also give my hon. Friend this undertaking: we will have set-back proposals to make it absolutely certain that we can assist those who genuinely cannot do so to pay their relevant bills.

Mrs Madeleine Moon (Bridgend) (Lab): Before Christmas it was announced that, at least initially, local authorities would have no role in the universal credit assessment. Will the Secretary of State tell me what impact that will have on those working in housing benefit departments in local authorities? Will his Department be helping with redundancy costs if large numbers of people working in housing benefit departments lose their jobs?

Mr Duncan Smith: The reason is that we will be talking full time, all the time, to local authorities. We receive a huge amount of information from them, so we are not talking about stand-alone assessments being made; rather, the functioning of universal credit requires that, at its best, it should be done in one location. However, we will be in constant contact with local authorities about the needs in their areas, and we will be with them all the way through in the way this is applied.

Tessa Munt (Wells) (LD): May I press the Secretary of State a little further on the matter of paying housing benefit directly to landlords? A number of my constituents have found that when they are overdrawn or beyond their overdraft, the bank snatches the money, leaving them still unable to pay their rent, so that they get into worse and worse difficulties. Will he reconsider?

Mr Duncan Smith: I recognise that, and the point is that although the vast majority of those who receive local housing allowance make their payments on time, there is always a group that does not. The way to deal with that is to recognise that we need to help landlords by not allowing those kinds of people to get away with it—for example, by paying a little bit at the two-month point, which sets the clock back to zero. We can make adjustments that way, and we can also deal with those who have difficultly by assisting them and, where necessary, making direct payments. However, those payments should always be the exception, to try to help people manage their budgets.

Universal Credit (Costs to Small Businesses)

10. **Dame Anne Begg** (Aberdeen South) (Lab): What estimate he has made of the average cost to a small business of real-time reporting of PAYE information to enable calculation of universal credit entitlement. [90848]

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): Real-time information—there was a question about this earlier—should not be an additional cost to business, and I do not believe it will be. Ultimately, it will help to reduce administration burdens for employers. RTI will also be good for Her Majesty's Revenue and Customs, because it will help to eradicate some of the errors caused by HMRC waiting a year before adjusting what it has already paid and then trying to chase people for that money. The fraud and error savings that will arise from the RTI programme—which the DWP considers vital for the universal credit—should be around £700 million, which is an important feature.

Dame Anne Begg: I do not think that the businesses I speak to have any idea whatever that this is about to hit them ahead of the introduction of auto-enrolment, which they are more conscious of and worried about. However, that may be academic, because from what I am hearing, HMRC's timetable for real-time information has slipped. It will not be ready to roll out RTI universally across the country on the date that the universal credit is introduced. What happens to universal credit if RTI is not in place on its launch date?

Mr Duncan Smith: From the word go, we have not needed the full system of real-time information to be ready for universal credit. We get our information from essentially two feeds, which we have already been working on with HMRC, long before any further timetables. The reality is that RTI will dovetail nicely with universal credit, but we do not need it for that, and we are not expecting it to be ready at the start of universal credit. We were never expecting that, and we have been working on that basis. However, RTI will come in—it is "on timetable"—and those involved will be working hard to produce it.

Workfare Scheme

11. **Grahame M. Morris** (Easington) (Lab): What recent progress he has made on the introduction of the workfare scheme. [90849]

The Minister of State, Department for Work and Pensions (Chris Grayling): We do not operate a workfare scheme. I think the hon. Gentleman might be referring to mandatory activity; in which case, I can confirm that we have schemes in place as part of people's job search. They include mandatory work activity and the community action programme, which is being tested as part of supporting the very long-term unemployed.

Grahame M. Morris: May I press the Minister to give a fuller answer to the question that my hon. Friend the Member for Barrow and Furness (John Woodcock) asked a little earlier? Profits at Poundland soared by 34% in 2011, with people on workfare forced to work for free in Poundland stores and being told at the beginning of their placement that there is no prospect of permanent employment, while they carry out the same duties as paid employees. Who is the real beneficiary of workfare: the taxpayer or the shareholder?

Chris Grayling: The hon. Gentleman is telling a lot of *complete nonsense to the House. The reality is that* Poundland is one of many major retailers taking part in

our work experience scheme, which is providing young people who are out of work with their first opportunity to get into the workplace so that they can show a potential employer what they can do. More than 50% of young people who go through the scheme move quickly into employment afterwards, including, in some places, with Poundland.

Nick de Bois (Enfield North) (Con): There is a lot of noisy criticism from those on the left about asking people to work in return for benefits. Does the Minister think that they are right?

Chris Grayling: My hon. Friend is right; those people keep harking back to the future jobs fund. Let me give the House a simple comparison. The future jobs fund resulted in about half the participants getting into work, at a cost of between £5,000 and £6,000 per placement. The work experience scheme is resulting in more than half the participants coming off benefit and going into work at a cost of about £300 per placement. Which one do you think is better value for the taxpayer, Mr Speaker?

Child Poverty

12. **Mr David Hamilton** (Midlothian) (Lab): What estimate he has made of the number of children who will be living in poverty in 2015. [90850]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): The Government do not forecast in the way that the hon. Gentleman's question suggests. Child poverty is dependent on a number of factors, and we know that the most sustainable way of reducing it is through parents going to work. I hope that the hon. Gentleman will take this opportunity, when asking his supplementary question, to show his support for the benefit cap, which will be one of the best ways of ensuring that work pays, for families throughout our country.

Mr Hamilton: The Minister will have a long wait. The independent Institute for Fiscal Studies has said that child poverty, as measured by the Child Poverty Act 2010, will rise by 400,000 by 2015, and that 200,000 children will be forced into absolute poverty. That means that the Government have no chance of meeting the targets set out in the Act, which both parties supported. Does the Minister believe that those forecasts are wrong? Also, will she make a commitment not to overturn amendments to the Welfare Reform Bill passed in another place when the Bill comes back here?

Maria Miller: As I have already said, the Government are not really into the forecasts that the hon. Gentleman is looking at, but we are firmly committed to eradicating child poverty. The IFS projections do not tell the whole story; they do not take into account fundamental things such as behaviour change, or our significant investment in early intervention, our education reform policies and our policies in other areas.

Andrea Leadsom (South Northamptonshire) (Con): Bearing in mind the great importance given to the issue of child poverty across the House, will my hon. Friend tell us what steps she is taking to assess the amount of child benefit being paid to the non-resident children of EU workers in this country? What can be done to ensure that those benefits are minimised?

Maria Miller: We all want to ensure that the money available goes to the children who need it most, and I am sure that we will look carefully at my hon. Friends's question.

Ann McKechin (Glasgow North) (Lab): Given that 92% of single parent households are run by women, will the Minister tell me what she is doing about the alarming rise in female unemployment, which is rising at a much higher rate than that of male unemployment?

Maria Miller: The hon. Lady will know that the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling) is doing a great deal to support women and men back into work in these very difficult times. I should like to commend him for the excellent work that he is doing further to expand the Work programme.

Duncan Hames (Chippenham) (LD): Families with children that are currently in receipt of disability living allowance are among those who are worried about what they read in the papers about the Government's welfare reforms. Will the Minister take this opportunity to reassure them that they will not experience any reduction in the cash value of that benefit under the reforms?

Maria Miller: My hon. Friend is referring to the future of the personal independence payment. He will be aware of my firm commitment to ensuring that that payment is focused on helping those who need help the most. He will have seen from our recently published documentation that our initial work in that area shows that more of that money is going to people who really need it in order to live independent lives.

Pensions

13. **Rehman Chishti** (Gillingham and Rainham) (Con): What steps he is taking to protect the interests of people with small pension pots. [90851]

The Minister of State, Department for Work and Pensions (Steve Webb): The problems associated with small pension pots can include higher charges, losing track of a pension or facing barriers to moving the pension and getting a decent annuity. That is why we published a paper last month that sets out some radical options for some form of automated transfer system to make it easier for people to build up one large pension pot.

Rehman Chishti: Does the Minister have evidence on the number of small pension pots that will be created after automatic enrolment?

Steve Webb: I am grateful to my hon. Friend for that question. There is a risk that without action, in an auto-enrolment world hundreds of thousands of new small pension pots will be created each year as people change jobs. That is why it is doubly important that we should have some mechanism to combine those pots so that they are a pension worth having.

Gregg McClymont (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): The UK is in the grip of a private pensions crisis, with 60% of private sector employees saving nothing for their retirement. In the light of that fact and in the light of the emergence of new competitors in the auto-enrolment market, will the Minister consider ending the statutory restrictions on the national employment savings trust scheme so as to better serve the auto-enrolment market?

Steve Webb: The hon. Gentleman raises an important issue. The Labour Government introduced the constraints on NEST—and for a good reason, as it ensured that NEST focused on its target market. The situation has moved on and competitive developments in the market have emerged that were not necessarily foreseen. We are reflecting on the role of those constraints and I look forward to discussing the issue further with the Select Committee on Wednesday.

Social Fund (Closure)

14. **Alex Cunningham** (Stockton North) (Lab): What assessment he has made of the likely effect of the closure of the social fund on (a) homelessness, (b) hardship and (c) use of payday loans. [90852]

The Minister of State, Department for Work and Pensions (Steve Webb): The social fund is not closing as payments for maternity, heating and funeral expenses will continue. Some discretionary payments, particularly community care grants, will be replaced by targeted local provision at the same total level—so it is not a cut in the budget—and universal credit will provide a better service with payments on account supporting many people in need of short and longer-term credit.

Alex Cunningham: I am grateful for that update. For some people, the social fund is a crucial safety net, allowing them to avoid catastrophe. One of the major concerns about its abolition is that people will no longer be able to claim crisis loans to pay rent in advance when they move into private rented accommodation. What provision will there be to help formerly homeless people pay rent in advance when moving into independent accommodation?

Steve Webb: I know that the hon. Gentleman had written his question before he heard the answer, but the social fund is not being abolished. The new system under universal credit of payments on account will actually be more flexible, allowing people to draw down their universal credit ahead of time. That will be more efficient than the current rigid system of crisis loans.

Hywel Williams (Arfon) (PC): What discussions has the Minister had with the Welsh and Scottish Governments about the transfer of some responsibilities to local authorities and with what result?

Steve Webb: We are localising to English local authorities and, as the hon. Gentleman says, to the Scottish Government and the Welsh Assembly. We take the view—we have had a positive response on this from the Welsh Assembly—that the ability to shape a system for Wales is welcomed. Whether the Welsh Assembly chooses to do that through Welsh local authorities or at a national level in Wales will be a matter for it.

Pension Funds (Charges)

15. **Hugh Bayley** (York Central) (Lab): If he will set a limit on the charges which pension fund managers may levy for the administration of pension funds. [90853]

The Minister of State, Department for Work and Pensions (Steve Webb): Initial evidence ahead of the roll-out of auto-enrolment later this year is that the creation of NEST, with its relatively low charges, and competition in the market are leading pension providers to offer products for auto-enrolment with lower than average charges. However, we believe that charging levels are important and have taken additional reserved powers under the Pensions Act 2011 to cap charges under auto-enrolment if that proves necessary.

Hugh Bayley: The report produced for the Government by Dr Christopher Sier shows that pensioners are losing out because of the excessive fees and charges levied by private pension fund managers. What action will the Government take to cap the amount that private fund managers can milk from the funds they manage on behalf of pensioners?

Steve Webb: I think the hon. Gentleman was a Minister in our Department under the previous Administration, and as he knows they chose not to cap charges but to give themselves powers to cap them if it proved necessary. At the moment, our judgment is that the early roll-out of auto-enrolment will deal with big firms who will give good deals and low charges and that we have more competition than was perhaps expected, with NEST coming in at around 0.5% and other providers at or below that point. We are encouraged by developments in the market but we are absolutely prepared to use the capping powers if it proves necessary.

Youth Contract

16. **Mr Marcus Jones** (Nuneaton) (Con): What recent progress he has made on the youth contract. [90854]

The Minister of State, Department for Work and Pensions (Chris Grayling): Since the launch of the youth contract, we have been engaging with employers, providers and stakeholders to give them an active role in shaping the delivery of the new offer. As a result, employers are now starting to sign up to support the delivery of the youth contract and we remain on track to implement it in April as planned. Let me pay tribute to all the employers that are currently and have committed in the future to offering places in our work experience programme and in sector-based work academies and to offering in other ways to support what we are trying to achieve.

Mr Jones: I thank the Minister for his response. I welcome the youth contract and I am sure it will help many of our young people into employment, but having spoken recently to a number of local business people, particularly from small businesses, I have concerns about the general level of awareness of the policy. Will my right hon. Friend assure me that he is doing all he can to raise awareness of this crucial policy with employers?

Chris Grayling: I can indeed. I met representatives of the major business representative groups a few weeks ago. Communicating with individual businesses is certainly a challenge but we aim to do everything we can to ensure that employers are taking up the wage subsidies available from April. It is worth noting that later this evening we will debate the Opposition's plans to create 100,000 supported jobs, but that through the wage subsidies in the youth contract we are offering a similar opportunity to 170,000 young people.

Troubled Families (Employment)

17. **Jack Lopresti** (Filton and Bradley Stoke) (Con): What progress he has made in assisting members of troubled families into employment through the use of payment-by-results programmes. [90855]

The Minister of State, Department for Work and Pensions (Chris Grayling): We launched the programme before Christmas, funded by European social fund money. This is the second major foray that this Government have made into payment by results, and I am confident that the payment-by-results approach, combined with the support that is available to those families if they move into the Work programme, will provide a transformational level of support in the lives of some of our most challenged families.

Jack Lopresti: I thank my right hon. Friend for his answer. Given that past Governments have not had great success at helping certain families get back into work, why does he think his approach will be more successful?

Chris Grayling: The big difference is that we are adopting the payment-by-results approach. The organisations taking part in the programme can be paid only at certain points—first, when they agree an action plan with one of the individuals in a problem household; secondly when they deliver that action plan, which might mean the person completing a training course or something similar; and thirdly when that person gets into employment. The taxpayer does not pay the bill unless that happens, and that is a much better deal than ever happened under the previous Government.

Kerry McCarthy (Bristol East) (Lab): In Bristol, we had the pilots for family intervention projects that involved working with families who had a multitude of problems to tackle some of these issues. Does the Minister accept that this is not just about working through one Department such as his own? Other Departments such as the Department of Health and the Department for Education, as well as drugs funding, will need to be supported if we are to succeed in tackling these problems.

Chris Grayling: I absolutely do that. Two points regarding the contracting of this support are crucial to what the hon. Lady says. The first is that referrals come from local authorities so that they know they are taking people from their problem family register and are not duplicating effort. Secondly, the contracting was based very much around the effectiveness of the firms in the bidding process at showing they could form the kind of partnerships that she rightly says are so important.

Topical Questions

T1. [90862] **Mr Tobias Ellwood** (Bournemouth East) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): Today in the other place they will be debating an amendment on the benefit cap. I believe that that system will help to restore fairness by setting a cap for those on benefits of £26,000 a year after tax or £35,000 a year before tax. I cannot understand why those who have said they would support this and were in favour of it have voted against it as often as possible.

Mr Ellwood: I congratulate my right hon. Friend and his team on the work they are doing to modernise the benefit system following the mess that was left by the previous Government. On the benefit cap, does he agree that those who oppose it need to explain to those who are in work but who earn less than £35,000 a year why people on benefits should be better off than they are?

Mr Duncan Smith: My hon. Friend makes a powerful point. The reality is that almost everybody out there beyond the politicians and the game playing believe it is reasonable to say to people who are on benefits that if they are not working, they should not earn more than those who are working and paying their taxes. I am astonished at the Opposition, who do not seem able to get it. I understand from a recent poll that even their supporters are overwhelmingly in favour of the proposal.

Mr Liam Byrne (Birmingham, Hodge Hill) (Lab): I hope that the Secretary of State will not mind if I sustain his attention on the benefit cap for a moment because there will be an important debate in the other place this afternoon on the cap. This is a policy we support because, like him, we believe that people should be better off in work than on benefits. However, I want him to be absolutely straight with the House about what the cap will and will not achieve. Will he tell the House how much the housing benefit bill is going to rise over this Parliament as a result of his failure to get people back to work?

Mr Duncan Smith: There are two things to say about that question from the Opposition. If the right hon. Gentleman is, as he says, in favour of the cap, why does his party keep voting against it? Today, in the other place, it has tabled what is officially a wrecking amendment on the cap. Labour Members cannot weasel their way out and say that they are in favour on the one hand and against on the other. On housing benefit, I remind him that under his party, housing benefit pretty nearly doubled in 10 years, and it was set to rise far more than it will under us.

Mr Byrne: Perhaps I can help the Secretary of State: the truth is that over the course of this Parliament—over four years—the housing benefit bill is set to rise by an extraordinary £4 billion. We do not want, on top of that, another bill for council tax payers—a bill to clean up the cost of homelessness. The Secretary of State for Communities and Local Government has already warned us that 20,000 people will be made homeless as a result of the way in which the cap will be introduced, and this morning, the Department for Work and Pensions published

an impact statement that puts up the number of families who will be affected by the cap by a third. It is almost as if the Secretary of State for Work and Pensions is making the policy up as he goes along. I hope that this afternoon he will accept Labour's safeguards against a new risk of homelessness. If he dismisses that risk—if he wants to be so glib about it—why does he not accept the amendment this afternoon? If he does not, we will support the lord bishops' amendment to safeguard against a new bill for council tax payers. That is the way that we will get this vote—

Mr Speaker: Order. The right hon. Gentleman has had his say, and we are most grateful to him.

Mr Duncan Smith: First, I do not accept the bishops' amendment, because of course it would raise the cap on the level of income to roughly £50,000; it would be rather pointless having a cap set so high that nobody could ever hit it. Interestingly, I have just had an e-mail from a vicar, who wondered why the bishops fail to recognise that he is paid only £22,000 a year. He wonders why they are getting excited about £26,000 being a poverty-level figure. As regards housing benefit, let me remind the right hon. Member for Birmingham, Hodge Hill (Mr Byrne) that we are saving £2 billion a year; housing benefit doubled under him.

T4. [90866] **Mr Andrew Turner** (Isle of Wight) (Con): Will my right hon. Friend tell me what the Government are doing about migrants who live in the UK and claim benefits without working or paying tax? Will the Government consider recording the nationality of benefit claimants?

The Minister of State, Department for Work and Pensions (Chris Grayling): I can confirm that we will record the nationality of benefit claimants when universal credit is introduced in 2013. I also confirm to my hon. Friend that where we have identified people who have a question mark over their benefits and immigration status, investigations are already under way. For 27% of the people whom we looked at in our data matching process, we are not yet able to make a match between benefit claimant status and immigration status. We will continue to do detailed work to make sure that there is not a hidden problem, left behind by the previous Government, relating to benefit tourism and inappropriate claims.

Several hon. Members *rose*—

Mr Speaker: Order. I remind right hon. and hon. Members, in the light of the extensive interest in topical questions, that topical questions and answers need to be brief. Let us be collegiate towards each other.

T2. [90864] **Hugh Bayley** (York Central) (Lab): The benefits bill this year will be some £15 billion higher than in the last year of the Labour Government, and that costs about £600 per family per year. What will the Government do to cut unemployment, which is what is pushing up the benefits bill so fast?

Chris Grayling: Of course, we will debate this again tonight, but as I keep saying to the House, we will sort out the problems in our public finances to deliver stability in our economy. We will deliver the best possible support to business through the various measures that we have introduced, including enterprise zones and changes to the tax system. Through the Work programme, our work experience scheme, and the youth contract, we will deliver the best possible support to get the unemployed back into the workplace.

T9. [90871] **Mr Rob Wilson** (Reading East) (Con): My constituent, Dr Christine Davies, has contacted me with examples exposing the unfairness of Child Support Agency arrangements, which often fail to take into account the living costs of the non-resident parent. These are parents who are trying to engage with their children and do the right thing, but who are left to live on as little as £30 a week. What are Ministers doing to deal with this unfairness?

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): I thank my hon. Friend for his question, and I assure him that we are working very hard on reform of the maintenance system, which still fails to support around half of all children in separated families. He talked about cases in which both parents want to stay involved in their children's upbringing; he and I share that objective, and I hope that he will continue to support the reforms that we are taking forward, which will provide far more family support to enable that to happen.

T3. [90865] **Mr Dave Watts** (St Helens North) (Lab): What advice can the Minister give the 3,259 people in St Helens who have been told to downsize their home, despite the fact that on existing turnover it will take five and a half years for them to do so while, in the meantime, losing their benefit? What advice would he give those constituents?

The Minister of State, Department for Work and Pensions (Steve Webb): I think that the hon. Gentleman is referring to social housing over-occupation. If people are in a particularly difficult situation, local authorities have been given an enhanced amount of discretionary housing payment to help them make that transition. It is vital that we tackle 1 million empty bedrooms in social housing.

Robert Halfon (Harlow) (Con): Going back to the issue of testing the disability living allowance, will the Under-Secretary of State for Work and Pensions, my hon. Friend the Member for Basingstoke (Maria Miller) reassure the House that testing will be localised, humane and fair?

Maria Miller: I thank my hon. Friend for his question, and I pay tribute to him for all the work he does to make sure that things are right as we reform the benefits system. I can absolutely assure him that we will look at ensuring that the new face-to-face assessment is done in a fair manner, and we are going out to commercial contracting on that.

T5. [90867] **Paul Goggins** (Wythenshawe and Sale East) (Lab): During the recent Westminster Hall debate on the future of Remploy, I was pleased to be able to tell the Minister that at the Wythenshawe print factory sales continue to increase while operating costs are falling. What action has she taken since then to procure additional print work for the factory from Government Departments and agencies, and when does she expect to be able to confirm that the factory will remain open?

Maria Miller: That was an important and useful debate to ensure that the work that we are doing in government is made clear. I have asked officials to look at the situation that he raised regarding Wythenshawe to make sure that the appropriate sales teams are in place. He asked when we are going to talk about our long-term decisions, and I can assure him that we will respond on that as soon as is practicable. We are in year four of a five-year plan, and it is important that we have those new plans in place.

Nicky Morgan (Loughborough) (Con): I was pleased that the Minister affirmed her commitment to residential training colleges, including the college of the Royal National Institute of Blind People in my constituency. She may be aware of recently published figures from the Select Committee on Work and Pensions showing that 1,000 people who have suffered sight loss are still looking for opportunities to be helped back into work. Does she agree that those colleges provide a valuable opportunity to help those people find employment?

Maria Miller: I pay tribute to the work that my hon. Friend does to support her local residential training college. I absolutely agree that colleges such as the one in her constituency have a valuable role to play, particularly to offer specialist advice and support. I hope that the commitment that I have given the colleges to ensure provision through to the summer of 2013 will help them to plan for a future in which we focus more on individuals than on institutions.

T6. [90868] **Ian Murray** (Edinburgh South) (Lab): Recent reports have shown that more than £3 billion of pension charges are hidden from consumers. Will the Minister tell us what the Government plan to do to make it possible for pension fund trustees and consumers to compare charges between pension funds?

Steve Webb: The hon. Gentleman is absolutely right that charges are a crucial issue, so we are working with the National Association of Pension Funds and others who have undertaken an industry-led initiative to make charges information-transparent and consistent, and we are pleased to support them in that.

Sir Alan Beith (Berwick-upon-Tweed) (LD): May I assure the Secretary of State that a great many of my constituents object strongly to paying through their taxes for people to get more in benefits than they can get on a working wage, or to live in property far beyond anything that they could afford on their wage? It is important that we get the transition right, but the principles are sound.

Mr Duncan Smith: I absolutely agree with my right hon. Friend. It is remarkable that there is overwhelming support. Yes, he is right about making sure that we get the transition right, but the principle behind this and its application are vital. I simply cannot understand why the Opposition snigger and wriggle on this issue, failing to do what is right, and failing to do what is proper or to face up to their responsibilities.

T7. [90869] **Katy Clark** (North Ayrshire and Arran) (Lab): The disability advocacy group Black Triangle has said that 11 disabled people have committed suicide in circumstances in which the coroner said that it was as a result of assessments as part of the work capability assessment. Is that figure right? Can the Minister advise whether he has looked into what legal liability the Government may have and, in particular, whether there is exposure under the corporate manslaughter legislation?

Chris Grayling: It is always a matter of regret when any person on benefits or indeed any person at all commits suicide. We always look carefully at reports that suggest any link between anything we do and people finding themselves in such a position. Let us be clear: the principle of trying to help back into work people who have been on benefits long-term is very important in supporting people who have mental health problems. If we do not reassess people, we will never be able to identify those who can benefit from that help.

Margot James (Stourbridge) (Con): Average earnings in my constituency, Stourbridge, are £23,700 a year, on which there is a tax liability of some £5,000. Does my right hon. Friend agree that to oppose or to equivocate on the policy of a cap on benefits is an outrageous insult to all hard-working people in this country?

Mr Duncan Smith: My hon. Friend is absolutely right. The cap is fair and popular, and it helps to put right the welfare system that we inherited, which is in a mess and is trapping people in dependency when we could free them. My hon. Friend is right that the Opposition position is ludicrous. The right hon. Member for Birmingham, Hodge Hill (Mr Byrne) has taken more different positions on the issue than a Jane Fonda work-out.

Mr Speaker: I call Mr Jim Cunningham, not necessarily on the subject of work-outs, but on whatever appeals to him.

Mr Jim Cunningham (Coventry South) (Lab): May I ask the Minister whether employers can still take a pensions contributions holiday and, if so, how many?

Steve Webb: Where employers run defined benefits pension schemes, if they are in deficit and have a recovery plan agreed with the Pensions Regulator, there is no obligation on them to overfund above 100%, and there are Inland Revenue rules that affect surpluses, which are still in place.

Andrew Bridgen (North West Leicestershire) (Con): Does my right hon. Friend agree that those well-intentioned but misguided individuals who oppose the introduction of a benefits cap are in serious danger of killing with kindness the very people they seek to help, by condemning them to a lifetime of benefits dependency and worklessness, which the benefits cap will seek to reverse?

Mr Duncan Smith: I fully understand those who on every principle and in every regard oppose the cap, but I cannot understand those who say they are in favour of it and then vote against it.

Several hon. Members *rose—*

Mr Speaker: Order. I am sorry to disappoint colleagues. There is a great deal of interest, but we must now move on.

Executive Pay

3.32 pm

Mr Chuka Umunna (Streatham) (Lab) *(Urgent Question):* Will the Secretary of State for Business, Innovation and Skills make a statement on the Government's proposals on executive remuneration?

The Secretary of State for Business, Innovation and Skills (Vince Cable): I welcome this opportunity to set out Government proposals on executive pay. Last September I published papers that explored the issues around the rapid growth in executive pay in our largest listed companies, and embarked on a call for evidence.

The evidence is clear that business and investors recognise that there is a disconnect between top pay and company performance, and that something must be done. We cannot continue to see chief executives' pay rising at 13% a year while the performance of companies on the stock exchange languishes well behind, and we cannot accept top pay rising at five times the rate of average workers' pay, as it did last year. It is not Government's role to micro-manage company pay, but there are things we can do to address what is a clear market failure.

Today I can announce a package of measures that the Government will take forward to tackle the issue on four fronts: greater transparency, so that what people are paid is clear and easily understood; more shareholder powers, such as the introduction of binding votes, so that shareholders can hold companies to account; more diverse boards and remuneration committees; and best practice led by the business and investor community. No proposal on its own is a magic bullet, but together they can enable a major transformation to get under way.

Let me start with transparency. Shareholders have told us that they need clearer and more relevant information about pay, particularly the link to performance. At present many company pay reports are simply impenetrable. Through secondary legislation later this year the Government will require companies to publish more informative remuneration reports on how executives are rewarded. This will start with reports being split into two sections: one detailing proposed future policy for executive pay, and the other setting out how pay policy has been implemented in the previous year.

On future policy, remuneration committees will be expected to explain why they have used specific benchmarks and how they have taken into account employee earnings, including pay differentials, when setting pay. Companies will also have to explain how they have consulted employees and taken their views into account. UK employees in large companies already have the right to request that their employers consult them on issues relating to the organisation, including pay, through the Information and Consultation of Employees Regulations 2004. This potentially powerful mechanism for employees has been underutilised to date, so I encourage employees to use it and put executive pay on the agenda.

Shareholders say that pay policy too often appears totally disconnected from their company's overall strategy. I want companies to state clearly and succinctly how their proposed pay policy reflects and supports company strategy, how performance will be assessed and how it will translate into rewards under different scenarios. In the backwards-looking section of the report, companies will have to provide a single figure for total pay for each director and explain how pay awards relate to the company's performance. To provide context, companies will be mandated to produce a distribution statement outlining how executive pay compares with other disbursals, such as dividends, business investment, taxation and general staffing costs.

Alongside more information, shareholders need new powers to hold the board to account. I will consult shortly on specific proposals to reform the current voting arrangements and give shareholders a binding vote, enabling them to exert more pressure on boards. This will include a binding vote on future pay policy, including details of how performance will be judged and real numbers on the potential payouts directors could receive. Companies will have to include a statement on how they have taken into account shareholder views and the results of previous votes.

There will also be a binding vote on any director's notice period longer than one year and on exit payments of more than one year's salary. Shareholders will still get a vote on how the agreed policy has been implemented. I will consider whether we need further sanctions that could be applied when a significant number of shareholders dissented in the advisory vote. In addition, we will review what level of shareholder support is needed to pass pay proposals—for example, whether the threshold for a successful vote should be raised to 75% of share votes cast. By way of context, last year four FTSE 100 companies failed that test.

Let me move on to diversity in remuneration committees. Having diverse remuneration committee membership is crucial to changing the status quo on executive pay. The right way to tackle this is by having more diverse boards. I want to see more people who come from different backgrounds appointed, including people from the professions, public servants, academics, lawyers, and people who have not been directors before. For example, I would like at least two board members to have never previously been members of a board of directors.

In October a new provision in the UK corporate governance code will come into force requiring companies to report on their policy on boardroom diversity, how they propose to deliver it and what progress has been made. That sits alongside a new code of conduct for executive head-hunters and good practice guidance from the Association of British Insurers on the importance of board diversity, board evaluation and succession planning. The Government will also address fundamental conflicts of interest in the pay-setting process and require greater transparency on the role of remuneration consultants, how they are appointed, their fees, and who they advise and report to.

We have also observed that in the FTSE 350 about 6% of remuneration committee members are executives of other companies. There is a perceived conflict, as those individuals have a personal interest in maintaining the status quo in pay-setting culture and in pay levels, and we are looking at mechanisms to limit that.

In the context of such changes, we must deal with the specific issue of payments for failure. Some of our consultees have argued that all quoted companies, not just those in financial services, should have a clawback mechanism in place, and we will ask the Financial

Reporting Council to revise the corporate governance code in order to require all large public companies to adopt clawbacks.

In relation to best practice, this package of measures will create a more robust framework within which executive pay is set and agreed. Moreover, lasting reform depends on active shareholders and responsible businesses accepting the need for change and pushing the agenda forward.

Deborah Hargreaves, who chairs the High Pay Commission, will launch a new project next week to monitor the state of pay at the top. The high pay centre will perform an important role in delivering the high-quality research that this area of debate badly needs. Companies have to show leadership on this issue, and in the following weeks and months I will be working with business and investor groups to build on the current momentum for reform, to agree on what best practice looks like, and to promote that more widely.

Mr Speaker: Order. I am extraordinarily grateful—*[Interruption.]* Order. I am extraordinary grateful to the Secretary of State, but I have been immensely—perhaps excessively—generous, because the right hon. Gentleman took precisely three times as long as he is supposed to take in answering an urgent question. I know he will understand—I listened to him with great interest and respect—that I must make allowance for that with regard to the Opposition Front Bencher's response, but above all I make the point for the future that those on the Front Benches must stick to the limit, because my concern is to protect the rights of Back-Bench Members.

Mr Umunna: Thank you, Mr Speaker, for forcing the Secretary of State to come to the House today to set out the Government's proposals in this area—*[Interruption.]* The Under-Secretary of State for Business, Innovation and Skills, the hon. Member for Kingston and Surbiton (Mr Davey) chunters from a sedentary position, but it is quite extraordinary for Ministers to demand greater accountability and transparency from people in business, and then to seek to avoid being held to account for their policies in that area in the House of Commons.

The problems of excessive executive pay and rewards for failure have grown over the past few decades; in fact it was probably 30 years ago, when the current Business Secretary was a happy and active member of the Labour party, that things were more in proportion. We agree that it is right that those who work hard, generate wealth and create jobs for our country are rewarded, but excessive pay and rewards for failure are bad for business, the economy and society at large.

I welcome much of what the Business Secretary says, but his proposals simply do not go far enough in promoting the transparency, accountability and fairness that people want to see. We support all the recommendations of the independent High Pay Commission, to which the Business Secretary referred, but why will he not do the same, particularly given that his Treasury spokesperson in the Lords is a member of the commission, and presumably supports its recommendations?

The Business Secretary and other Ministers have underlined the importance of consulting employees, so why will he not back moves for employees to sit on the remuneration committees that set pay? Employees play that type of role in Europe's strongest economy, Germany, and on the board of one of our most successful businesses, John Lewis. We read that he would like to back the proposal but has been prevented from doing so by the Prime Minister and the Chancellor. Can he confirm that?

The right hon. Gentleman said nothing about the publication of pay ratios within businesses. Why will he not agree to that proposal? If I am wrong, I am happy to be corrected. I agree with him on the need for greater clarity about the role of remuneration consultants. They currently owe their duty to the board, as I understand it. Does he agree that there is a case for changing the situation so that, much like auditors, they owe their duty to shareholders?

Above all, I do agree that increased shareholder activism is key. Two issues have been cited as obstacles: that more of our UK stock is held by foreign investors and that it is held for a shorter period. Does the right hon. Gentleman agree that that need not be an insurmountable barrier to increased shareholder activism?

Finally, on shareholder activism, the Business Secretary, the Deputy Prime Minister and other Ministers who ultimately bear responsibility and control the public stake in the banks—RBS, in particular—have said that they are in a position to stop the chief executive of that bank receiving a large bonus while he is issuing thousands of redundancy notices to RBS employees. How and when will that happen? Does the right hon. Gentleman think that it is acceptable for the chief executive of RBS to take a bonus of the order of £1 million when thousands of company employees are being made redundant?

Vince Cable: I start by acknowledging that the issue is, as some of the hon. Gentleman's questions implied, complex. The best way to proceed with it for the country is to have an all-party consensus. The contributions made in recent weeks by the Prime Minister, the Deputy Prime Minister and the Leader of the Opposition have contributed in a very positive way towards that, and we can make some progress on that. I contrast that slightly with the hon. Gentleman's somewhat carping response. I believe that today he put out a press release describing as "half-baked" proposals that he had not seen; he did not know what was coming. That was not terribly clever.

The hon. Gentleman's central criticism was that we had not gone far enough. Let me reflect on what that means. We have emerged from 12 years of Labour government, when many of the issues could have been dealt with. That period of government started with something called the "prawn cocktail offensive", which led to my immediate Labour predecessor saying that he was "intensely relaxed about people being filthy rich". Those were the standards that we inherited. I remind the hon. Gentleman about what happened in that period of government. At the beginning, chief executives' pay was 47 times average pay; at the end, it was 120 times average pay. That is the problem that we are now trying to correct. Before the hon. Gentleman lectures me any further on not going far enough, he should reflect on why so little was done when his party had the power to do it.

Let me respond specifically to the point about workers on boards. It would be very desirable if there were more workers on boards. The initiatives being promoted in respect of encouraging John Lewis-type arrangements,

[Vince Cable]

which by definition will get workers on boards, will take that further. We welcome worker participation in industry; that is one of the reasons why my ministerial colleague, in conducting the Royal Mail legislation through Parliament, laid such insistence on worker shareholding and giving workers a right to participate. But there is a specific set of problems around mandating companies to have workers on their boards. Consider the position of the large number of FTSE companies whose employees are predominantly overseas. How would the work force be selected? Worker participation is a good idea for many companies, but let it be done without the prescriptive route, which would simply not work.

The same applies to pay ratios. There is a lot to be said for pay ratios; the hon. Gentleman may not have heard me, but I did advocate that kind of metric as a way of assessing what is happening. But if he had reflected for a few minutes, he would have seen that there is a big difference between a company that, for example, has a large number of unskilled workers, and another company that has outsourced a lot of its unskilled labour force, producing totally meaningless figures in respect of ratios. So we welcome pay ratios, but they should not be mandated and prescribed.

The hon. Gentleman asked about the High Pay Commission, which has done excellent work; I referred to it during my contribution. I checked back on its 12 recommendations, and we are implementing 10 of them in practice or in spirit. Of the remaining two, one—about employees on boards—I have already referred to. The other was a very specific recommendation on the structure of pay, which we judged to be impractical.

On RBS, let me just say that that matter is above my pay grade. The Prime Minister has said that he will ensure that it is dealt with properly. I am sure that it will be, and that there will not be excessive bonuses.

To return to my first point, we can make progress in this important area on an all-party basis. I encourage the hon. Gentleman to revert to his usual more constructive and moderate approach, and to work with us to achieve far-reaching and overdue reforms.

Mr John Redwood (Wokingham) (Con): I welcome anything that recognises that it is the role of shareholders and competitive markets to decide pay in companies. With that in mind, let us consider what happens where the Government are the shareholder. Will the Secretary of State remind us what deal the Labour Government signed up to for RBS top executives, explain why it was so far in excess of the dreadful results that have been delivered in public ownership, and say what this Government can do to put that right?

Vince Cable: My right hon. Friend is right to stress the central role of shareholders and to remind us about the conditions according to which the head of RBS was appointed and the contract negotiated. Of course, the problem is not just with pay; we are now also having to consider the problem of knighthoods that were awarded for appalling behaviour in British banking.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): A lot of what the Secretary of State has said will have cross-party support. The Government are backing employee share ownership, the logical outcome of which is employees on the board. In view of that, and his rejection of the automatic right of employees to be on the board, for the sole reason that a lot of companies have foreign employees, is the Secretary of State really trying to address this issue and to find a way through? Although it may be difficult in practice, it is very good in principle.

Vince Cable: There is no logic to suggest an automatic carry-over from worker shares to representatives on boards. Those are separate issues. I simply urge the hon. Gentleman to look back on my comment about the use of information and consultation arrangements. There is a regulation that came from the European Union—one of its better ones—back in 2005, which employees in many companies could use to engage directly in conversations with their management about their pay. Far too few people have taken advantage of that. I hope that he and others will encourage them to do so.

Simon Hughes (Bermondsey and Old Southwark) (LD): I congratulate the Secretary of State, who, after 13 years of a Labour Government who did nothing about this issue, has persuaded our Conservative colleagues that this is the right policy for the new century. I urge him to continue to be robust and to suggest that each individual company should have a policy that reflects the differential between the highest and the lowest-paid, according to the make-up of its own work force.

Vince Cable: Again, I do not want to be too negative. One of my Labour predecessors, Patricia Hewitt, advanced the issue by introducing advisory votes. That was a step forward but it was not enough, and we have to go further. However, that step was usefully taken. My right hon. Friend asked specifically about pay ratios. I have said that those are useful metrics, and that we should encourage their use. However, companies have very different structures, and pay ratios mean different things. Therefore, mandating them is a different matter.

Andrew Selous (South West Bedfordshire) (Con): Does the Secretary of State agree that it is generally undesirable for public companies to pay more out in bonuses, particularly to their senior staff, than in dividends, especially as dividends are often paid out to pension funds, which include many members of the public on low incomes?

Vince Cable: Yes, my hon. Friend is correct. That is why one element of transparency that we have advocated is a breakdown of the different streams of payment by companies, which include payments to shareholders, payments to employees and other costs.

Mr Pat McFadden (Wolverhampton South East) (Lab): Does the Secretary of State agree that context, as well as contracts, matters? Whatever it says in the contracts of the top people in the banks in which the Government have a major stake, the context is pay freezes for millions of workers and the biggest squeeze in living standards since the war. Will he therefore resist the temptation to rely on the defence advocated by the right hon. Member for Wokingham (Mr Redwood) about contracts and agree that there is nothing to stop bankers exercising restraint, given the economic context?

Vince Cable: Across the coalition, we have been very clear that we expect restraint. In some cases that has been accepted: the head of Lloyds, for example, has waived his bonus for this year. We should not trivialise the issue of contracts, which is a serious matter involving how business is conducted.

Mr Dennis Skinner (Bolsover) (Lab): Whatever happened to the phrase, "We're all in it together"? I listened carefully to what the right hon. Gentleman said. He talked about "we". Does he mean himself and the Liberals, or does he mean the whole Government? The truth is that the workers will carry the can, and the bankers and executives who have got their 50% pay increases will get away with blue murder.

Vince Cable: As my right hon. Friend the Member for Wokingham (Mr Redwood) reminded us, we are dealing with a legacy in which precisely the failings that he described were allowed to happen over a long period. We are trying to put that right. Addressing executive pay is only one means by which we deal with the fundamental injustices and inequalities in society. There are many other issues, including tax and regulation. However, this proposal will make a significant difference.

Mark Pritchard (The Wrekin) (Con): The Secretary of State mentioned ending the rewarding of failure. Has he consulted business people? Many of those to whom I speak believe that over the past few years far too many politicians have themselves been rewarded for failure, which has brought our economy down from the seventh to the eighth largest in the world. Does he accept that the vice of greed should not be replaced with the vice of envy?

Vince Cable: I do agree with that. Of course, it is essential, in a successful economy, and particularly a successful private enterprise sector, that enterprise, entrepreneurship and good management should be properly rewarded. The issue is not envy but performance.

Paul Blomfield (Sheffield Central) (Lab): The Secretary of State acknowledged that he gave a fairly lame answer to the question asked by my hon. Friend the Member for Streatham (Mr Umunna) about worker representation on boards. Will he now try to give a proper answer on why the Government could not end the cosy closed shop on remuneration committees by legislating for worker representation?

Vince Cable: Ending the cosy closed shop on remuneration committees involves wider diversity in general. Workers are part of that, but so are consumers and people who have no other connection with the company. Diversity is a much wider concept. At the moment we are promoting the idea of women on boards. I gave a considered answer to the question about workers on boards. We must remember that other issues are involved. For example, different companies have different types of labour force spread across the world. There is also the question of how to ensure that a worker representative accepts the full legal responsibilities of a director. If the hon. Gentleman looked at what those legal responsibilities are, he would find that it is not practical to employ that approach.

Margot James (Stourbridge) (Con): Incentives and rewards are fundamental to the private sector growth that we are all keen to ensure. Does my right hon. Friend accept that it is sometimes hard to distinguish between performance and failure, and that certain companies facing extremely difficult trading conditions might have to hang on to an executive through the incentive of high pay?

Vince Cable: Yes, and that is why operational decisions must remain with the company so that it can make a judgment on the matter. Through these recommendations we are trying to ensure that investors are properly informed, and we are, through transparency, giving them the power to make the judgment that the hon. Lady described, and act accordingly.

Tony Lloyd (Manchester Central) (Lab): Does the Secretary of State accept, as a number of his Back Benchers do not, that this is fundamentally a question about what type of society we want to be, and that when we see executives being paid 75 times more than the lowest-paid people in the company, that is not about economic efficiency or incentives, but immorality?

Vince Cable: Yes, this is about different types of society, but of course there are many wider issues than the remuneration policies of public listed companies and many aspects of fairness and inequality. I simply make the point that many other private enterprise economies —Germany, the Scandinavian countries, Japan—have a much more disciplined approach to executive pay than has been the case in the UK, and many of their companies do very well commercially.

Mr Adrian Sanders (Torbay) (LD): The Secretary of State will be aware of the book "The Spirit Level", which suggests that the most successful economies and societies are those in which the gap between the richest and the poorest is the narrowest. Does he believe that the announcements that he has made today will widen or narrow that gap?

Vince Cable: They will certainly narrow it, in contrast with the trend over the past decade that was identified in a recent OECD survey. It showed that almost uniquely in the developed world, the big disparities between the top and bottom are widening in Britain. Today's announcement is one key element in rectifying that adverse trend, which we have seen particularly in the past decade.

Helen Goodman (Bishop Auckland) (Lab): The Secretary of State said that the decisions about RBS top pay were above his pay grade, but unlike the workers, he is on the board of the Government, namely the Cabinet. Will Ministers set a good example and control Stephen Hester's bonus?

Vince Cable: Ministers have already made it very clear that bonus restraint should be employed in that company.

Mike Crockart (Edinburgh West) (LD): I welcome the Secretary of State's announcements today, especially those on transparency and increasing shareholder power. Does he agree that the fundamental principle must be

[Mike Crockart]

that executive pay reflects company performance? That is a principle that the 107 bankers suing Commerzbank for £1.6 million in bonuses next week would do well to remember.

Vince Cable: Yes, the theme of what I have been saying today has been the link between pay and performance, and as my hon. Friend knows, there are specific problems in the banking sector, not least because until the Vickers report is implemented we still have a "too big to fail" problem and an implicit Government guarantee. That is why rather stricter provisions have to apply in the sector.

Mr David Winnick (Walsall North) (Lab): Does the Secretary of State really want us to believe that those who get vast salaries, bonuses and share options and probably earn well over £1 million a year are now terrified as a result of what he has said today? The truth is, that it does not really amount to much, does it?

Vince Cable: I do not expect them to be terrified, but I do expect them to think a little more carefully about their wider responsibilities.

Philip Davies (Shipley) (Con): I have heard some drivel in my time, but I do not think that in all my years in opposition did hear as much drivel from the Treasury Bench as I heard from the Secretary of State today. Businesses look to his Department for support and help. May I suggest that he gets off their backs and lets them create some wealth, and that he spends his time in his Department trying to sort out the massive problems of their own that the Government face without interfering in every business across the country?

Vince Cable: May I just gently suggest that my hon. Friend reads through the responses to the consultation, which are predominantly from businesses and investors advocating measures such the ones we are implementing? He might particularly want to examine the contribution of the CBI.

Mr Speaker: It is interesting to note that the shyness and reticence that previously overcame the hon. Member for Shipley (Philip Davies) have now been successfully overcome.

Jonathan Ashworth (Leicester South) (Lab): A few moments ago, the Secretary of State told us that he would consider it desirable to see more employees represented on boards, but then he told us about what he considered to be insurmountable obstacles. If Germany, Austria, Finland, Sweden, Norway and Denmark can do it, why cannot we?

Vince Cable: I have dealt with this question several times already. I am aware that those countries—*[Interruption.]* Yes, of course those countries have a different system that results in workers on boards, but of course that does not happen in isolation. They have completely different systems of corporate governance.

Since the hon. Member for Streatham (Mr Umunna) reminded me of my days in his party, I shall say that one of the last things that I tried to do under the 1979 Government, when I was working with John Smith, was introduce a co-determination system, but alas that Government showed very little interest in implementing it.

Mr David Nuttall (Bury North) (Con): As shareholders already have the power to vote out of office directors who they believe are underperforming, why is there a need for any further measures that will serve only to undermine the competitiveness of British business?

Vince Cable: As I have already explained to the hon. Member for Shipley (Philip Davies), the consensus view among business and investors is that the status quo is not supportable and is leading to damaging and perverse rewards, including rewards for failure, and that we need to reform the system comprehensively.

Mr David Hamilton (Midlothian) (Lab): May I remind Government Members that they agreed with Labour for 13 years about releasing details of chief executives' pay? Will the Secretary of State take retrospective action against any companies that try to get through the barriers before the changes come into operation?

Vince Cable: In general, retrospective legislation is not a good thing, but I will look at the implications of the question.

Duncan Hames (Chippenham) (LD): As we have heard, some hon. Members argue that nothing should be done to put at risk a light-touch, risk-based regulatory regime. In my right hon. Friend's attempts to achieve cross-party consensus on the matter, how does he hope to persuade the shadow Chancellor to abandon that position?

Vince Cable: I was not aware of the shadow Chancellor's wisdom on that particular subject, but his party leader has spoken constructively and I hope that that will lead to agreement between our parties on how we can proceed.

Angela Smith (Penistone and Stocksbridge) (Lab): Does the Secretary of State still believe that all bankers paid more than the Prime Minister should publish details of their remuneration, as he believed when he was in opposition?

Vince Cable: I am surprised that Labour Members keep reminding us about bankers' pay. Bankers' bonuses in 2008-09, when the Labour party was still in government, were something of the order of £13 billion. They have now come down to about a quarter of that.

Mr Rob Wilson (Reading East) (Con): How does the Secretary of State think that his plans will help attract inward investment and so aid growth?

Vince Cable: I think they will help considerably. Many of the countries from which we attract inward investment have good corporate governance systems, in which there is considerable restraint on excessive pay, and reward for success rather than failure.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): The Secretary of State will know that youth unemployment now stands at more than 1 million. Why will not the

Government repeat the bankers' bonus tax, which could create up to 100,000 jobs for young people?

Vince Cable: This argument has been rehearsed many times. The then Chancellor of the Exchequer, who introduced the bonus tax, made it clear that it was a one-off measure and that, if it were continued, banks would simply avoid it by converting bonuses into consolidated pay. It was a good idea at the time. It worked for a year, and we now have a much more effective and credible way of taxing banks.

Jason McCartney (Colne Valley) (Con): Rewards for failure: the old boss at ITV, where I used to be the trade union representative, slashed jobs, made a succession of poor business decisions and brought the company to its knees while picking up millions in pay, perks, bonuses and share options. Is my right hon. Friend surprised that the Leader of the Opposition has rewarded that failure with a key role in restructuring the Labour party?

Vince Cable: I have not followed those developments, but perhaps I should retract some of the complimentary things I said about the Leader of the Opposition.

Mr Speaker: I remind the Secretary of State that he has absolutely no responsibility for restructuring the Labour party.

Alex Cunningham (Stockton North) (Lab): Here is another opportunity for the Secretary of State to clarify his views on RBS bonuses. The share price has collapsed by 35% in the past year, so will he use any powers he has to block any bonus for the chief executive, or has he really surrendered those powers to the Prime Minister and the Chancellor, who simply do not agree with him that the bonus must be stopped?

Vince Cable: I have heard at least three different sets of recommendations on RBS bonuses, including that they should be reduced and that they should be stopped altogether. If we get a coherent, single source of advice, perhaps I can respond better to it.

Bob Stewart (Beckenham) (Con): Does the Secretary of State think that it is more important to have a board with diversity or a board with competence, which looks after the shareholders, the workers and the company?

Vince Cable: I do not accept that there is a dichotomy between diversity and performance. All the evidence suggests that particularly the drive to get more women on boards has nothing to do with political correctness and everything to do with improving performance.

Diana Johnson (Kingston upon Hull North) (Lab): A few months ago the Secretary of State said that the Government could intervene to stop bankers' bonuses if they so wished. Does he stand by that? If he does, why is he not dealing with the RBS situation?

Vince Cable: I remind Opposition Members that the semi-publicly owned banks, including RBS, are managed on an arm's length basis under an arrangement devised by the previous Labour Government. This Government have made it clear that we expect restraint in bonuses in the banking system and in RBS in particular, and we will see what happens.

Andrew Bridgen (North West Leicestershire) (Con): Will the Secretary of State confirm that proposals to tackle excessive pay are just part of the Government's plans to reconnect the principles of risk-taking, success, hard work and rewards in both the private and the public sector?

Vince Cable: The hon. Gentleman is absolutely right, although we have of course already introduced principles governing remuneration in the public sector, including greater transparency, ratios and things of that kind. We are now extending those into the private sector where it is appropriate to do so, while recognising, as he implied, that in the private sector we need also to give incentives to entrepreneurship and good management.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): The Secretary of State mentioned that he was not accepting the High Pay Commission recommendation to publish the ratio between the highest and the average earners in a company because it was too complex. Will he expand on that please?

Vince Cable: That was not the recommendation to which I referred. The commission also made a specific recommendation about a double number between salary and top-up to salary. For a variety of reasons, we do not feel that being quite so prescriptive is appropriate, but that was the recommendation to which I referred and which we were not able to take forward.

Mr Marcus Jones (Nuneaton) (Con): Does the Secretary of State agree that the state should not control private sector pay, but empower shareholders with the information they need so that they can be active and committed company owners?

Vince Cable: That is a pithy summary of what I was trying to say, on which, as Mr Speaker ruled, I took rather too long.

Sheila Gilmore (Edinburgh East) (Lab): Apparently, the chief executive of Peacocks took a hefty pay increase just last year when clearly his company must already have been failing. I am sure that all workers facing redundancy from Peacocks would like to know how the Secretary of State's proposals might assist people in their position in future.

Vince Cable: The hon. Lady refers specifically to Peacocks, on which I have been approached by several concerned elected representatives. Having looked at the facts, the Government do not judge that there are any grounds for intervention in the wider public interest, but I have great sympathy for the employees, who are in a very bad position because of bad decisions made in the past by their management.

David Rutley (Macclesfield) (Con): Does my right hon. Friend agree that there is an important role for lawyers to big City firms and large plcs in advising their clients on best practice when drawing up arrangements for contracts and bonuses?

Vince Cable: In mentioning diversity, I think I included lawyers, improbable as that may seem. There is probably a dissenting view on the Opposition Front Bench.

Mr William Bain (Glasgow North East) (Lab): Does the Secretary of State accept the finding of the High Pay Commission that in the year to last autumn—on his watch—the pay of FTSE 100 directors increased by 49%, whereas average incomes rose by only 2.7%? Does that not make the case for a permanent body on high pay to ensure that companies reflect the social obligations that they owe to all of us?

Vince Cable: As I understand it, the commission is in the process of encouraging the establishment of a monitoring body of that kind. That is not governmental or Government financed, but it would be a very useful institution in helping us to understand the trends.

Robert Halfon (Harlow) (Con): Does my right hon. Friend agree that crony corporatism, high taxes and high regulation are as unjust, if not more so, than some of the problems he has set out today? Will he pay as much attention to dealing with those things as he is to dealing with the issues he set out?

Vince Cable: I am not terribly comfortable with the phrase "crony corporatism", but my hon. Friend refers specifically to directors serving on each other's boards. We have looked at the facts on that. There are few examples of reciprocal agreements, but there are cases—50 out of 1,000 or something of that order—in which directors serve on the board of another company. We are looking at how we can limit that, because it creates a somewhat more incestuous environment and lacks the diversity we are seeking.

Kerry McCarthy (Bristol East) (Lab): It is often not the management or those in executive roles who get the highest pay packages, particularly in the financial sector. For example, I have heard a rumour that at least one of the traders at RBS is going to get a higher bonus than Stephen Hester. Will the Minister tell us whether his proposals, particularly on transparency, will cover traders too?

Vince Cable: The hon. Lady is quite right: there is a different pay structure in investment banks, because of the problems that she describes. The Chancellor has already initiated action, in the form of a proposed regulation through the Financial Services Authority which will require financial institutions to declare the highest pay of employees who are not on the boards of those companies.

Mr Peter Bone (Wellingborough) (Con): The Secretary of State must be extremely happy. The liberal, left-wing clap-trap that he has announced today—which even Labour did not do, in 13 years—has somehow got through the coalition in the hope of a good headline. It has done nothing to increase growth or employment in this country. Is he a happy man?

Vince Cable: I am actually. I realise that when I first raised the issue of responsible capitalism 18 months ago, I was denounced in parts of the press as a Marxist. I thought I had left that behind, but apparently not.

Tessa Munt (Wells) (LD): I am sure that my constituents will be absolutely delighted with the arrangements for more transparency and, in particular, increased shareholder power. I wonder whether the Secretary of State will consider the fact that Somerset county council has imposed a pay freeze and is making people redundant—indeed, it sends me a Christmas card, at the same time as it is shutting libraries and slashing youth services—and is now considering abandoning youth carers, to save a paltry £70,000. Will he consider applying exactly the same principles of transparency and shareholder power—or in this case taxpayer power—to councils and their pay and bonuses arrangements for senior management?

Vince Cable: Mercifully, I am not responsible for local government, but there are certainly moves afoot, which my hon. Friend is aware of, to ensure much greater transparency in pay. Will Hutton prepared a report for Government with some good recommendations, which include those she mentioned.

Points of Order

4.17 pm

John Cryer (Leyton and Wanstead) (Lab): On a point of order, Mr Speaker. As you know, on Friday a consultation paper was introduced that is intended to lead to legislation creating a statutory register of lobbyists. That was trailed in the press like confetti, across the media. It was accompanied on Friday by a brief written statement and nothing else. This is such an important issue that the Prime Minister himself has said that it is the next big scandal in British politics. Should not Friday's statement be accompanied by an oral statement, and has the Deputy Prime Minister contacted you to indicate that he wishes to come here to make a statement?

Mr Speaker: I have not been contacted in the way that the hon. Gentleman expected or would have advised. What I would say to him is twofold. First, the form of Government statements is overwhelmingly a matter for Government to determine. The hon. Gentleman rightly references the fact that although the Parliamentary Secretary, Cabinet Office, the hon. Member for Forest of Dean (Mr Harper) tabled a written ministerial statement on this subject on Friday, there has been no subsequent oral statement. What I would say to the hon. Gentleman, secondly, is that my understanding of the matter is that the Government have launched a consultation process. It is an extremely important consultation process, on what, as he rightly says, is an extremely important matter, but that is the stage that we have reached. If, following the consultation process, the Government have specific policy changes to recommend, I feel certain that they will do so via an oral statement to the House; and, knowing the hon. Gentleman as I do—we entered the House together in 1997—I know that he will be eagerly expecting such an oral statement and will probably be the first in the queue to complain if it is not forthcoming.

Robert Halfon (Harlow) (Con): On a point of order, Mr Speaker. Following the weekend reports that the Houses of Parliament may be slipping into the River Thames, will you give a statement to the House, just so that we know whether or not to buy ourselves lifejackets?

Mr Speaker: I am grateful to the hon. Gentleman, in particular for his concern for all those who work, or even live, within the precincts of the Palace of Westminster. I have known him for over 20 years, and I have never regarded him as an inveterate worrier. As he can see, I am not worried. He should not believe everything that he reads in the newspapers, or in those even more downmarket rags that in so describing themselves are almost certainly breaching the Trade Descriptions Act. Getting overexcited is their stock-in-trade; keeping calm and doing the right thing is ours.

Opposition Day

[Un-allotted Day]

Food Prices and Food Poverty

Mr Speaker: In the light of the increased interest that has been expressed in participating in this debate, I have decided to impose an eight-minute limit on each Back-Bench speech. For the benefit of the shadow Secretary of State—the hon. Member for Wakefield (Mary Creagh)—and the Secretary of State, I remind them that there is no time limit on Front-Bench speeches, but I hope that they will apply a certain self-denying ordinance in order to enable more of their colleagues to contribute than would otherwise be possible.

4.20 pm

Mary Creagh (Wakefield) (Lab): I beg to move,

That this House notes that food prices rose by more than 4 per cent. over the last year and that an increasing number of families are relying on foodbanks; is dismayed at Government delays to the Groceries Code Adjudicator and that it has rejected recommendations by the Business, Innovation and Skills Committee and Environment, Food and Rural Affairs Committee to give it teeth; believes that the Adjudicator should have the power to fine retailers and that third party organisations should be able to report retailers for unfair practices; calls on the Government to bring forward proposals for the Groceries Code Adjudicator early in the next Parliament to ensure fairness across the food supply chain; and further calls on the Government to work with the retail sector to provide more responsible, transparent price promotions and clearer unit pricing to offer genuine value-for-money for consumers.

I am sure that hon. Members on both sides of the House will do their best to abide by your strictures, Mr Speaker.

On Friday, I visited a food bank in Bradford and met people who use its services. One woman had fled her violent husband when she was eight months pregnant. Another had left her husband but discovered that he had set up loans in their joint names for which she was still liable. There were women there who had held down high-powered jobs—one had been the personal assistant to the chief executive of a large bank in Canary Wharf—but, through a combination of bad decisions, bad luck and bad men, they had fallen on hard times.

One of the women apologised for not following politics, but said that she could not afford a television licence. Another described how she had found herself shouting at her children when they asked for a bit of jam on their bread, and how she visited relatives at teatime to ensure that her children were fed, while she herself went to bed hungry. Another described cooking tea for her children and eating their leftover food. One woman told me how, the first time she brought home a food parcel, she cried all night because she could not do something as basic as feed her own children.

Robert Halfon (Harlow) (Con): The hon. Lady has mentioned food banks, and we have a very good one in Harlow. Can she explain why the previous Government stopped jobcentres handing out vouchers for local food banks? This Government have reversed that terrible decision.

Mary Creagh: I do not know the answer to that question. I am not sure whether it is the role of jobcentres to pass people on. There is a question mark over whether it is appropriate for a Government agency dealing with people's welfare and benefits to outsource the food element of that to charities, so I throw that question back to the Government.

I went with the centre manager, Gareth Jones, to make up a food parcel. It contained cereal, tins of beans, four tins of meat and four tins of fish—all nutritionally balanced by a health visitor who advises the centre. The hardest part for me was choosing the four treats. Would the children prefer a pot of honey or a treacle sponge pudding, meringue nests or another pot of jam? Those are treats that we all put into our shopping trolleys without a second thought.

Gareth told me that it was important to put in a mix of branded and non-branded goods, so that when people opened the bags at home, they would feel valued. He told me how he holds pampering sessions at which mums can enjoy a hot chocolate while someone minds their children for half an hour. He described how the type of person coming to the food bank had changed from the homeless and destitute to the working poor. He said that families were referred to it by charities, social services or even—as the hon. Member for Harlow (Robert Halfon) said—the jobcentre. When the state does not provide, the big society is left to pick up the pieces.

Alex Cunningham (Stockton North) (Lab): Much has been made of the importance of food banks, but does my hon. Friend share my concern that the New Life church in Billingham in my constituency has felt the need to set up a food bank for the first time, to help local people who are struggling? I support the church in doing so, but I am sure that she would agree that these facilities should not be necessary. Is not this another illustration of this Government's failure to address the needs of the most vulnerable people in our society, who need food to eat?

Mary Creagh: I completely agree with my hon. Friend and pay tribute to the church in his constituency. We are seeing a proliferation in the number of food banks around the country and one of our challenges to the Government is to ask them to map where those food banks are and what social and economic policies are needed to tackle the proliferation of them and hunger in our society.

The Trussell Trust states that it now has 163 food banks around the country, with one opening every week. Last year, its food banks fed 61,000 people, 20,000 of whom were children, and this year it expects that figure to double.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): Is my hon. Friend aware that in Oldham a food bank has been established for the first time? That was in the paper today. The vicar who set it up said that the banks are not just for homeless people but for hard-working families who are at crisis point. Reports by the Joseph Rowntree Foundation and other organisations show that such problems exist up and down the country. Does my hon. Friend agree that the cuts and austerity are not working?

Mary Creagh: I agree and it all comes back to the social and economic failure of this Government. We are seeing these problems in places that were never hotspots for homelessness, such as Oldham. We associate them with our big cities and do not expect them in our smaller towns. There is a food bank in Wakefield now, whereas previously there was not one.

Kate Green (Stretford and Urmston) (Lab): My hon. Friend might be aware of the campaign conducted by Sainsbury's shortly before Christmas, where the company invited customers to buy an extra item with their shopping and pop it in a shopping basket so that it could be distributed to needy households. I was shocked when I attended my local Sainsbury's to meet many people who said that they would like to help but could not afford to buy that extra item. Is not the idea that we can rely on charity to meet the need bound to be too limited?

Mary Creagh: I agree with my hon. Friend. If Sainsbury's is inviting consumers to put their hands in their pockets, it should match that investment item for item, rather than simply adding it to its bottom line.

Kate Green: In fairness, I should say that Sainsbury's matched every donation.

Mary Creagh: That is very good to hear.

Mrs Madeleine Moon (Bridgend) (Lab): Bridgend food bank covers four of the 10 most deprived wards in Wales, so the service it provides is critical. In its recent report, it said that the people who applied for food there did so because of

"low income or ill health…repossession of their home…job loss or desertion by the…breadwinner, or"

burglary,

"house fire or unexpected benefit cuts."

People who go to food banks go for a variety of reasons, but is it not appalling that in 2012, when we are celebrating the Olympics and spending millions of pounds, people are still starving?

Mary Creagh: I agree. Charities such as the Salvation Army and HelpAge are seeing an explosion in demand as incomes fall, working hours are cut and prices rise.

Mr Jim Cunningham (Coventry South) (Lab): I know that my hon. Friend, like me, comes from Coventry. Would she be surprised to learn that 35,000 children from Coventry and Warwickshire will now be on the poverty line, and does she think that that is an indictment of this Government's failed policies? More importantly, many families are now struggling with electricity prices, heating bills and so on, which is feeding through—

Madam Deputy Speaker (Dawn Primarolo): Order. Interventions must be brief, as we are in a short debate with time limits on speeches.

Mary Creagh: I am very sorry to hear that my home city of Coventry has 35,000 children living in poverty. I am sure the number was similar when I was growing up there in the 1970s and 1980s and I am only sorry that much of the good work we did in government is falling away and poverty is increasing.

FareShare, which operates nationwide and works to redistribute aid from the food industry to charities, says demand is growing faster than supply. I pay tribute to both Sainsbury's and Brakes, which recycle their in-date surplus to FareShare. It is important that the food is in-date so that there is no risk associated with that food, which includes fresh vegetables and, in particular, meat. Supermarkets could be doing much more to recycle food waste to hungry people. FareShare estimates it gets 1% of supermarket food waste, which prompts the question of where the other 99% is going. More of it should be recycled to hungry children in this country, which is one of the richest on earth. We can learn from food businesses such as Pret A Manger, which delivers surplus sandwiches around its London stores in the evening. We recall with horror the Tory proposals from Westminster council last year, when it wanted to make food distribution illegal. I pay tribute to all those who fought that proposal and protected people's basic human right to a square meal even in the city of Westminster.

Gareth said that food is at the heart of everything his organisation does, but as my hon. Friend the Member for Bridgend (Mrs Moon) said, charities are tackling a complex web of abuse, abandonment by the breadwinner, debt, unemployment, non-payment of benefits and other equally serious issues such as house fires, which she mentioned.

Mark Pritchard (The Wrekin) (Con): The hon. Lady is talking about the situation in the UK, but does she accept that rising food and commodity prices are an international phenomenon and that biofuels are taking out of production a lot of agricultural land, which means that food prices are rising not only in this country but around the world?

Mary Creagh: Commodity prices of certain things, such as wheat, have remained stable over the past 20 years, whereas others have risen. *[Interruption.]* Well, at the Oxford farming conference I saw the US Department of Agriculture's figures on that. However, the hon. Gentleman is right that there is an issue with commodity pricing, particularly with the financialisation of that sector, which is leading to increased volatility, making it harder for food producers to hedge and putting on pressure. We can see from Department for Environment, Food and Rural Affairs figures that where we are self-sufficient we are more protected from those food price spikes than where we rely on imports, which have to have the costs of transporting those materials added on. Also, when our pound falls significantly against other world currencies that puts those prices up.

The people who food charities are seeing are no longer just the homeless and the drug and alcohol users but the respectable mums and dads who have fallen on hard times and the pensioners whose energy bills are so high that they cannot afford to eat. It is an utter disgrace that, although we are the seventh-richest country in the world, we are seeing thousands of people going to bed hungry at night—many of them children. We need to look this issue squarely in the face. A wave of invisible hunger is taking root in our cities, towns and villages. Those charities are the canaries down the mine telling us that respectable working-class and middle-class poverty is on the rise—and this is happening before the housing benefit changes and universal credit come in.

Diana Johnson (Kingston upon Hull North) (Lab): Will my hon. Friend pay tribute to the work that Hull city council is doing to reduce the cost of a school meal to £1 in recognition of the increasing cost that families are having to meet, including those families just above the benefit level for free school meals?

Mary Creagh: I pay tribute to Hull's Labour council for that, as well as for the work it did when we were in government on its free school meals pilot to make sure that children in Hull had access to a free school meal. I know that that experiment has been carried out by Islington council as well, and that it helps to ensure there is a wide take-up of free school meals and that no stigma is attached to them.

Lyn Brown (West Ham) (Lab): I am grateful to my hon. Friend for mentioning the free school meals pilot, which Newham is continuing for primary school children. It wanted to extend it to secondary school children but simply could not afford to do so. One thing that I heard from parents in that pilot was that school holidays were a particularly difficult time because their children were burning up a lot of energy but there simply was not the food or the money to feed those children properly during holiday time. Again, that is a hidden form of food poverty.

Mary Creagh: I pay tribute to Newham's Labour council and I find it amazing that, at a time when councils are experiencing a 28% cut to their revenue, they are still managing to subsidise school meals or, as in Newham, to fund completely free meals. What a tragedy it is that that scheme cannot be extended to secondary schools there. I will return to the issue that my hon. Friend raises about school holidays.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Does my hon. Friend share my great concern that the removal of extended schools money means that many schools cannot afford to put on breakfast clubs? Many children who would previously have gone hungry if they had not got breakfast through a breakfast club are returning to a situation in which they do not have food in their stomachs, and so cannot learn and are not getting a healthy start to the day.

Mary Creagh: It is a tragedy that both breakfast clubs and after-school clubs are under threat. The chef Richard Corrigan did a film for Sky called "Richard Corrigan on Hunger" in which a lady who runs clubs that are provided for by a charitable provider, Magic Breakfasts, talks about children being admitted to hospital in the school holidays for malnutrition—that comes back to the point made by my hon. Friend the Member for West Ham (Lyn Brown) about the challenge that school holidays pose for families' food bills—and scurvy appearing in children of primary school age, which I find deeply shocking.

Robert Flello (Stoke-on-Trent South) (Lab): I am listening with great interest to my hon. Friend's speech. Does she accept that some of the problem is hidden, because really good, well-meaning staff at schools are finding ways of feeding children during the day? That is hiding some of the scale of the problem.

Mary Creagh: That is true, and I am glad that there are so many passionate teachers—and passionate friends and neighbours, who may suspect that all is not well. I remember people telling me, when I brought forward my Children's Food Bill, that they would invite their neighbours and friends in for tea on a Saturday and make sure that the children had as much meat and fruit juice as they could get into them, because it became apparent from the way that they were eating that they had not been fed since Friday lunchtime. That point, from my constituency of Wakefield, has certainly stayed with me.

In addition, the Agricultural Wages Board is to be abolished. That is a particularly nasty Government decision that has nothing to do with the deficit, but will take £93 million from the sick pay and holiday pay of low-paid agricultural, horticultural and food processing workers over the next 10 years. That money will leach out of the rural economy, where those workers live—out of local pubs, post offices and shops—depressing the rural economy when spending is already squeezed. It costs more to live in the countryside, and the abolition of the AWB could mean that we have in this country food workers who are unable to buy the food that they produce. We know that those agricultural workers are the most socially excluded people in our country. They are often migrants who speak limited English. Their work is seasonal, short-term and low-skilled. They are not in a trade union, and they move from county to county, picking daffodils in Cornwall in February, and following the crop and fruit cycle across the country.

After the Morecambe bay tragedy in 2004, Labour created the Gangmasters Licensing Authority to regulate labour providers in the food processing and packing, and agricultural, horticultural, forestry and shellfish-gathering sectors. Our aim was to ensure that workers received a minimum wage, decent accommodation, safe transport, contracts and decent working conditions, yet the GLA's latest annual report reveals that, in the year to March 2011, it uncovered more than 800 workers being exploited in the UK. It prosecuted 12 companies and revoked the licences of 33 gangmasters. In 2010, there were horrific reports of children as young as nine picking onions in a field near Worcester. While the Government, continuing with their red tape challenge, are deciding on the future powers of the GLA, we say: "We will work with you to stamp out modern-day slavery, people trafficking, and serious organised crime, wherever they occur in these sectors."

In government, my right hon. Friend the Member for Leeds Central (Hilary Benn) brought stakeholders together to look at the risks to our food security, and the challenges of feeding a growing global population sustainably. The result was Food 2030, the first Government food strategy since world war two. Peter Kendall, president of the National Farmers Union, has described how that strategy has been left on the shelf, and has been relegated to

"a one-line objective in the business plan"

by the current Government. Labour gathered stakeholders together in September last year to look at that food strategy. We believe that we must not lose sight of the direction that it sets out, and we are pleased that the Government have set up their green food project, imitation being the sincerest form of flattery. We look forward to it reporting this summer.

In government, along with many hon. Friends who are seated behind me today, I campaigned for improvements to children's diets through the Children's Food Bill. That led to nutritionally balanced school dinners, an end to junk-food vending machines in schools, and lessons on cooking and growing food as part of key stage 3.

Mark Tami (Alyn and Deeside) (Lab): Does my hon. Friend accept that the Government's cuts to Sure Start have made that problem worse, because much of that educational knowledge about what is good food to give to children has been lost?

Mary Creagh: I agree. Sure Start has been an amazing tool in the fight for good food in families, and for cooking lessons. The 20% cut imposed by the Government centrally can only make that more challenging for those dedicated workers.

Kerry McCarthy (Bristol East) (Lab): Does my hon. Friend share my concern that the Secretary of State for Education has decreed that free schools and academies do not have to meet the same nutritional standards in school meals as state schools?

Mary Creagh: Yes, it is slightly bizarre that that should be the case. I do not understand why, having battled so hard to secure minimum standards across the sector, the Secretary of State should think it acceptable to water them down, unless it is about saving money in pursuit of an ideological objective, but that could surely never be the Government's intention.

I have mentioned "Richard Corrigan on Hunger" and the hospitalisation of children. People also talk in that programme about lunch boxes containing last night's cold chips and ketchup. In government, we set up the School Food Trust, whose latest research shows that the average local authority-catered school dinner has gone up by 5p in the past year to £1.88 in primary schools, and by 4p to £1.98 in secondary schools. Councils are forced to charge more as their Government funding has been cut. We have heard today about councils that are doing their best to prioritise children's nutrition. Those price rises could force parents to take their children out of school-meal provision and make do with a lunch box. If someone has three children who do not qualify for free school meals, £6 a day or £30 a week is an awful lot of money to find.

Food will be a defining issue for this century. The price spike in food commodities in 2008 showed that the era of cheap food may not be with us much longer. Increases in commodity prices—oil, fertiliser and pesticides—all contributed to year-on-year food price inflation of 6% last September: the second-highest increase in the EU, apart from Hungary. That 6% added £233 to the food bill of a family of two adults and two children. Food inflation, currently at 4%, remains higher than most pay rises that people will receive this year. As prices rise, people are eating less beef, lamb and fish, and more bacon. People are shopping around and trading down, and there is less supermarket loyalty. Figures from DEFRA reveal a 30% fall in the consumption of fresh fruit and veg by the poorest fifth of families since 2006. Those families are eating just 2.7 of their five-a-day fruit and veg.

We need a better understanding of what is driving up food prices, and how costs and risk are transferred across the supply chain. However, shopping is confusing and labels do not always show the true costs. Supermarkets are not required legally to show the unit cost on special offers, so they give the price pre-discount, which makes it impossible to compare prices on the shelf; or they give the price per unit of fruit, rather than by 100 grams, making comparisons impossible. We want supermarkets to be more transparent in their labelling to ensure that shoppers get the best deal. We want them to help people to eat healthily. Our traffic light system was rejected by significant players in the food industry, who have turned their back on what consumers want and need to make healthy choices.

We want a fair and competitive supply chain for growers, processors and retailers. The Competition Commission in 2008 found that there was an adverse effect on competition from unfair supply chain practices. It recommended that supermarkets with a turnover of more than £1 billion a year should be prevented from imposing retrospective discounts and from changing terms and conditions for suppliers. That leads to an unfair spread of risk and cost down the grocery supply chain, and to short-termism in relationships. *[Interruption.]* I thought I heard a phantom sedentary intervention, but that is not the case. We wanted a voluntary approach, but the supermarkets were unable to agree a way forward. That is why Labour in government secured cross-party agreement for a groceries code ombudsman to ensure a fair deal for farmers and producers. This Government's delays and procrastination mean that the adjudicator will probably not be up and running until 2014-15.

Andrew George (St Ives) (LD): I note that the motion expresses dismay at the Government's delay, yet it asks for the groceries code adjudicator to be introduced in the next Parliament, rather than in the next parliamentary year, which I assume is a drafting error. Leaving that aside, given the fact that the first Competition Commission report was in 2000, and the Competition Commission report to which the hon. Lady refers was completed in 2008, what word other than "dismay" would she use to describe the Labour Government's response to that report?

Madam Deputy Speaker (Dawn Primarolo): Order. May I remind everyone in the Chamber that the debate ends at 7 pm? There is already a time limit of eight minutes on Back-Bench speeches. Interventions should therefore be short, and I hope opening speeches will not be overly long.

Mary Creagh: I quote back to the hon. Member for St Ives (Andrew George):

"Every week the government fails to act, farmers are finding themselves in more difficulty."

That is what he said. The supermarkets were insistent. We wanted an ombudsman. The supermarkets asked for a voluntary approach. It is right to try a voluntary approach first, which we did, but it did not work. This is the anti-regulation Government, but that approach failed. What we need now is action from his Government.

The commission recommended the powers to levy significant financial penalties, but the Government are recommending that only in reserve powers in the Bill, not on the face of the Bill, meaning that fines for anti-competitive practices are even further away than 2015. The *Financial Times* quoted an executive of a large supermarket chain saying that

"it is an adjudicator rather than an ombudsman, which suggests that it is a watered-down role."

Suppliers can complain anonymously, but they are liable for full cost recovery if the adjudicator finds that the complaint was vexatious or wholly without merit. The Business, Innovation and Skills Committee recommended that whistleblowing from within retailers should also be grounds for launching an investigation, which BIS Ministers are currently considering.

Consider this anonymous salad grower who works with the Food and Drink Federation:

"X"—

the name of a supermarket—

"have expected us to support their current pricing campaign in store by contributing with reduced price returns, to maintain their margin demands. It has been made very clear that lack of support could be seen as showing no commitment to"—

the supermarket—

"and the potential loss of business, forcing us to drop our prices and support the activity. Interestingly none of this has been put in writing."

This suggests anti-competitive practices across the sector. If there is bad treatment at the top of the pyramid, that sets the tone for treatment all the way down the food chain, right down to the workers in the field. What we want is culture change across the food industry.

Mark Tami: My hon. Friend raises an important point. In the case of many buy one, get one free offers, the cost is not borne by the supermarket. It puts pressure on the supplier, because the supermarket is saying, in effect, "Unless you fund this, we will move the contract somewhere else." In the end, it is often the workers in that company who suffer.

Mary Creagh: My hon. Friend makes a good point. Such offers increase the volume of sales, but often reduce the margin. That places enormous capital and liquidity costs on small companies in order to fund that as they wait for the money to come in from the supermarket.

Philip Davies (Shipley) (Con): I cannot allow that to stand. As somebody who worked for a supermarket chain for 13 years, may I tell the hon. Lady that suppliers used to fall over themselves to come to retailers and ask to do buy one, get one free offers or three for the price of two offers, because it was a good marketing tool for them? When I worked for Asda, we used to ask them whether we could have every-day low prices instead of all those offers, but it was the suppliers who were pushing buy one, get one free offers. The idea that supermarkets are forcing them on them is just guff.

Mary Creagh: That is interesting. I am sure the hon. Gentleman will have a range of suppliers who will appear in the press tomorrow to say that the groceries code adjudicator is not required. No doubt they will make their thoughts very clear through the Food and Drink Federation, which represents the sector. However, I will not hold my breath for that. I like shopping in

[Mary Creagh]

Asda, but I am not sure that it represents the sunlit uplands that the hon. Gentleman remembers from his happy times working there.

We want the Government to act swiftly on the grocery ombudsman. That will lead to less pressure on suppliers and an end to unfair competition, and greater price transparency in the supermarket sector. We want supermarkets to commit to clearer price labelling, particularly on those buy one, get one free promotions. If they do not do so voluntarily, Government should act. We call on supermarkets to commit to sending their in-date food waste to charities such as FareShare, which will ensure that it goes to a good home. We want supermarkets to publish the amount of food they waste, and if they do not do so, the Government should take action in the next waste review. We want supermarkets to commit to recycling more of that food to hungry children and less to landfill.

We call on DEFRA Ministers to work with stakeholders to define food poverty, identify the extent and scale of the problem and commit to tackling it. We have heard about the extent of the problem today and the obscenity of food being wasted while people are going hungry in our towns and cities, but anecdotes are not evidence. We ignore the perfect storm of rising food prices, falling incomes and food poverty at our peril.

4.50 pm

The Secretary of State for Environment, Food and Rural Affairs (Mrs Caroline Spelman): Let me start by welcoming the opportunity to debate this important matter. World food prices are volatile and the Government should do all they can to help families, but if we are to have a grown-up debate we need to start by acknowledging what the Government can and cannot do. Contrary to the rather Dickensian impression the hon. Lady seeks to convey, food price increases are not a direct result of the Government's political composition, and a Government cannot be held responsible for what the hon. Member for Bridgend (Mrs Moon) cited: the abandonment of families by the main breadwinner, the misfortune of a house fire or domestic violence perpetrated in the home. Food prices are the product of many complicated and interrelated factors, many of which are globally driven.

In order to have a fully informed debate, I will turn first to the specific issue of the groceries code adjudicator, which this Government, unlike the previous one, are introducing, and put the current situation in context. No one underestimates the difficulties families face in balancing household budgets when bills are high. As a veteran of the weekly shop, I see at first hand the impact of food price rises, as I am sure many of us do. Let us set the record straight. Last summer food price inflation overtook general inflation, but by November the reverse was true. In the coalition Government's first year in office, food prices increased by less than the average annual increase in Labour's last five years. Between 2007 and 2008 food prices rose twice as fast as they did between 2010 and 2011. Although the hon. Member for Wakefield (Mary Creagh) has a new-found interest in food prices, which is to be welcomed, it comes a little late.

Julie Hilling (Bolton West) (Lab): The right hon. Lady says that food prices are not rising as fast as they had been, but does she acknowledge that wages have not gone up over that period, which means that people are suffering huge food poverty?

Mrs Spelman: I am challenging the hon. Member for Wakefield to consider the fact that during her party's 13 years in power, which saw steep rises in food prices, it introduced neither a groceries code adjudicator nor the other measures called for in the motion. Despite claiming today that the adjudicator would be some sort of panacea, the hon. Lady seems to feel that doing nothing about this for 13 years is a credible basis on which to criticise us for not having completed the process in just over 18 months.

Philip Davies: I must say that this is bizarre. My right hon. Friend says she is concerned about rising food prices, but she is agitating to bring in a groceries code adjudicator that, if it will have any influence at all, will only be able to put prices up further. The two things are completely contradictory.

Mrs Spelman: If we thought that the groceries code adjudicator would put prices up, there would not be the current cross-party support across the House for creating one.

The important point is that we need a degree of humility and candour about the Labour party's record. As has been noted, Labour has shown extraordinary candour in the wording of its motion. We must be clear that the hon. Member for Wakefield is calling on the coalition Government to introduce the adjudicator early in the next Parliament. I am not sure whether she knows the outcome of the next election, but the motion clearly indicates that she has written off Labour's prospects of forming the next Government—she is certainly not alone in that. It is always good to start a debate with an issue on which we can make common cause, but the good news for her is that we will not wait until the next Parliament to introduce the adjudicator.

Gavin Shuker (Luton South) (Lab/Co-op): The Secretary of State is keen to tie down the timing of the introduction of the grocery code adjudicator, so when will she commit to do so?

Mrs Spelman: As I am sure Opposition Front Benchers are aware, the lead Department on the grocery code adjudicator, both for the Government and for the Opposition, is of course the Department for Business, Innovation and Skills, but we have been very clear as a Government that we are fully committed to introducing the adjudicator as soon as possible.

Free and fair competition is the key to a healthy market, and it is right that the adjudicator should make sure the market is working in the best long-term interests of consumers. In this Session, we published a draft Bill to allow pre-legislative scrutiny. It was a popular measure, welcomed on both sides of the House, and as the Leader of the House said on 15 December 2011:

> "There will be a second Session of this Parliament, and the Groceries Code Adjudicator Bill is a strong candidate for consideration as part of it."—[*Official Report*, 15 December 2011; Vol. 537, c. 937.]

So there is no delay, but it has to be done right.

It is important to bear it in mind that, overall, the Competition Commission found that retailers are providing a good deal for their customers, and they should not be prevented from securing the best deals and passing the benefits on to their customers, but, similarly, we are clear that they should be required to treat their suppliers lawfully and fairly.

During pre-legislative scrutiny, the Business, Innovation and Skills Committee suggested that third parties should be allowed to lodge complaints. Our position remains that it is more appropriate for complaints to be lodged directly or indirectly by suppliers, but we are open to considering further arguments on extending the range of those who can trigger an investigation. That is the benefit of pre-legislative scrutiny. We recognise that third parties, including trade associations, have a valuable role to play, so the adjudicator will be fully free to gather evidence from trade associations once an investigation has begun.

The draft Bill provides the adjudicator with the power to name and shame retailers that are in breach of the code, and we believe that, in a highly competitive market, retailers will not risk reputational damage from unacceptable behaviour towards suppliers. If negative publicity proves insufficient, however, the draft Bill contains a reserve power for the adjudicator to impose financial penalties, subject to an order made by the Business Secretary but without the need for primary legislation.

I hope the House agrees, therefore, that these measures represent significantly more progress than was made under the previous Government and should be generally welcomed.

Andrew George: It has been suggested, in particular during the intervention by the hon. Member for Shipley (Philip Davies), that the adjudicator would introduce inflation to the food market, but the Competition Commission itself, which is after all independent on the issue, made the situation quite clear, stating that

"if unchecked, these practices"—

the practices that the Secretary of State and others have described—

"would ultimately have a detrimental effect on consumers."

It is quite clear that they would have a detrimental effect on prices for consumers.

Mrs Spelman: I thank my hon. Friend for his intervention. The Competition Commission clearly keeps the practices of retailers under scrutiny and sees a benefit in independent adjudication of fairness in the supply chain.

I shall turn to other points in the motion. The hon. Member for Wakefield espouses the virtues of the Healthy Start programme, which this Government have continued, and no one will argue with the role of food banks, which are an excellent example of the big society. They are not new, as Churches have been redistributing food in that way down the decades, and we are four-square behind organisations such as FareShare, which do excellent work in the field.

In making it easier for shoppers, this Government have wasted absolutely no time in working with the food industry to simplify food date labelling. Last autumn I made it clear that one date should appear on the label, so that there is no confusion between "use by", "use before", "display until" or "store until". There should be one date: if the product is perishable, the label should state "use by", for food safety; if it is not, the label should state "best before". In that way, we can certainly help people to reduce the amount of food that goes to waste.

Kate Green: I am shocked to hear the Secretary of State say that we should welcome food banks. It is a social policy failure that families are reliant on food handouts because they do not have enough money to afford a healthy diet for their children.

Mrs Spelman: I gather that the hon. Lady would like them banned.

Kate Green *indicated dissent.*

Mrs Spelman: Well, she cannot have it both ways.

Kate Green: Will the Minister give way?

Mrs Spelman: No.

Let us get back to some facts. Retail food price inflation reached 6.9% in June last year and currently stands at 3.8%. In real terms, food prices have stayed at about the same level since the start of 2009, notwithstanding the fact that food price inflation has fallen below the general rate of inflation. I accept that we need to help those on the lowest incomes, who are spending more of their budgets on food.

Andrew Bridgen (North West Leicestershire) (Con): Does the Secretary of State agree that the major contributory factor to food price inflation is energy and fuel price inflation? They are indelibly linked.

Mrs Spelman: Shortly, my hon. Friend will hear me expand correctly on the analysis of what is driving food price inflation.

It is important to remember that in 2010 the average family spent 11.5% of its household budget on food. The figure is greater for low income families, at 15.8%, but it is coming down; the 2010 figures are 1% lower than two years previously. That is a very important fact—the trend is that household expenditure on food in the lowest income families is coming down.

Luciana Berger: I do not know whether the Secretary of State has seen the figures released by the OECD last week. They showed that in the UK food prices rose by 4% in the last year, which is 0.7% above the EU average.

Mrs Spelman: The hon. Lady needs to understand the contributory factors. The depreciation of sterling makes imports of food in other currencies stronger than ours more expensive. It is important to read the figures in the context of exchange rates and the other factors that drive up inflation.

The Government are, of course, actively finding ways to help mitigate the rises. But the Government cannot do it all, and they should not pretend that they can. Since the removal of production linked support in 2005, crops and livestock are traded on a global market. It is those markets that dictate food prices. As has been

[Mrs Spelman]

pointed out, the key drivers of domestic retail food price inflation include world agricultural commodity prices.

I hate to have to tell the hon. Member for Wakefield, but if she is to have this brief she needs to learn that the wheat price has not been stable; it has fluctuated in recent years from £60 a tonne to more than £200 a tonne. There are also oil prices and exchange rates. In 2008, although the price of wheat fell in dollar terms, it increased in sterling terms because of the relative weakness of sterling to the dollar. To understand the causes of food price inflation, one has to analyse correctly the underlying drivers.

World commodity prices are the key driver and we are working hard internationally to ensure the better functioning of commodity prices at the global level. That, in turn, will affect food prices at home. The depreciation of sterling has made dollar-denominated commodities more expensive. Furthermore, global weather extremes have caused shortages that drive prices up.

Nia Griffith (Llanelli) (Lab): I assure the Secretary of State that the Opposition fully understand which things Governments can intervene on and which they cannot. What is she doing to help the poorest families in the country to make sure that they get enough food and do not have to rely on food banks? How many food banks would she regard as a measure of success, and what is she aiming to do by the end of her stay in office?

Mrs Spelman: The hon. Lady clearly was not listening to what I said about the continuation of the Healthy Start campaign, for example. Of course, in any big society, there is no finite amount of contribution that each of us might make to the more vulnerable; there is no need to put a limit on it.

Kwasi Kwarteng (Spelthorne) (Con): Will my right hon. Friend comment on the moves that the Government are making, such as freezing council tax and cutting fuel duty? That has made general inflation a much more manageable phenomenon for ordinary families.

Madam Deputy Speaker (Dawn Primarolo): Not at this precise point; the right hon. Lady is speaking to the motion.

Mrs Spelman: That is a shame, Madam Deputy Speaker, because there is a long list of things relevant to household budgets; there was a wider definition of that earlier. Freezing council tax is but one example of what frees up the budget to buy more food.

Last year, the Government's Foresight report on the future of food and farming concluded that Governments across the world must take action now to ensure that a rising global population can be fed. It is a chilling fact that in only 13 years there will be 1 billion more mouths to feed on this planet. Increasing demand for water, land and energy means that food security is one of the world's greatest challenges. The report identified five challenges for all nations to act on: balancing future demand and supply; ensuring that there is adequate food price stability and protecting the most vulnerable from volatility; achieving global access to food and ending hunger; managing the contribution of the food system to mitigating climate change; and maintaining biodiversity in our ecosystems. To take on those challenges, we need international reform. To address global food security, we need an increase in agricultural productivity, which means a move away from subsidy. To address the risk of climate instability disrupting production patterns, we must have open world trading systems.

In June last year, G20 Agriculture Ministers met and agreed to the creation of an agricultural market information system, which aims to stabilise food price volatility through better transparency in the marketplace. In November, I attended the climate change conference and helped the South African Agriculture Minister to get agriculture included in the work stream for the next climate change convention. We are now preparing for Rio plus 20, where we will push for international policies to help the most vulnerable in our society. We will lobby for the sustainable intensification of agriculture, climate-smart agriculture and the reduction of post-harvest losses. The Afghan Minister whom I met in Berlin this weekend at green week said that the reduction of harvest losses would make one of the greatest contributions to combating famine.

The challenges present an opportunity for the UK, and we need to be the first out of the blocks and embrace it. British food producers must make the most of international markets. That is why I have announced that I will publish an action plan at the end of the month to help export the best of British food and drink across the world. It is through global trade that the UK can secure its future food supply and help keep food prices down. We already contribute to global food supply. We provide 2% of global wheat exports, 4% of global barley exports and 1% of global cereal exports. That demonstrates that the UK has a major role in food production. By expanding production and exports, we can contribute to the overall economic recovery.

The food and farming industry is a high performer with great potential. The food chain contributes £88 billion per annum to the economy, which is 7% of GDP. It is responsible for 3.7 million jobs. The Government are acting across the food chain to stimulate growth, facilitate international trade and drive fair competition, because a thriving and competitive economy, where our products are freely traded on an international market, will deliver resilient, stable and affordable food supplies to our consumers.

The Government are working with industry and environmental partners to see how we can reconcile our goals of improving environmental protection and increasing food production. I am grateful to the hon. Member for Wakefield for welcoming the green food project. The Government are spending £400 million on food and farming research, which addresses productivity, environmental performance and resilience along the food chain.

Nobody is under any illusion about the pressures that high food prices put on all our constituents. However, it would be wrong to pretend that there is a "silver bullet" solution when there is not.

Julie Hilling: I have not heard in the Secretary of State's contribution any mention of what she will do for the most vulnerable in this country, who are dependent on a hugely increased number of food banks. What will she do to feed those families who cannot feed themselves?

Mrs Spelman: I am sure that the hon. Lady would accept that the responsibility for helping the most vulnerable people in our society to have more disposable income to provide food for their families goes beyond my Department. She must take account of other things such as our freezing council tax, cutting fuel duty, cutting income tax, taking 1.1 million low-paid people out of tax, increasing child tax credit, taking action on energy prices and helping with the cost of rail travel.

The groceries code adjudicator will not be a panacea in the face of rising food prices. The adjudicator has a role to play in delivering a robust check on fairness between supplier and retailer; that is why we are introducing it. However, limiting food price inflation rests on multiple factors, from energy to exchange rates, and not least the core issue of supply and demand. The Government are not only alert to those factors but actively finding opportunities to influence them. We are working internationally to ensure that a growing population can be fed, we are using the challenges of food production to kick-start growth and competitiveness here in the UK, and through the green food project we are addressing the tensions inherent in growing more food at less cost to the environment.

The steps we are taking will produce the market conditions required to deliver good quality, affordable food for households throughout the UK. This debate is important because it is about the household budget and the cost of living. The Government have not sat idly by. We are directly helping in all kinds of ways—the freezing of council tax, the cutting of fuel duty, and so on. Those are all measures that Labour refused to take when it was in power, despite running up the biggest peacetime deficit in our country's history. This is a Government who are on the side of hard-pressed families, this is a Department that is on the side of British farmers and food producers, and this is an issue on which Labour has no credibility and no alternative. I urge the House to reject the motion.

5.10 pm

Robert Flello (Stoke-on-Trent South) (Lab): Listening to the Secretary of State's final comments, I thought for a moment that I had stumbled into some sort of parallel universe, because I did not recognise any of her claims about what the Government are doing. She talked about the freeze in council tax. First, some of the families we are talking about are so poor that they do not pay council tax. Secondly, in Stoke-on-Trent, as in other areas, the council has been so hammered by the cuts in support from national Government to local government that it cannot accept the bribe of a 2% freeze and will have to make increases to try to get back some of the money that has been ripped away from it.

I welcome this debate because it provides the other side of the "heat or eat" coin. We recently discussed in this House the situation whereby people have to make the choice between heating their home and having food to eat. Sadly, many people do not have that choice because they cannot afford to heat their homes or to eat properly. Many families cannot afford to put proper food in their stomachs, let alone heat their homes.

The problem is going to get worse. To be fair to the Secretary of State, she touched on this area, to a small extent. Back in the 1960s, '70s and '80s, we had cheap oil and we encouraged farmers, not only in this country but globally, to turn that oil into food by using machinery—whether milking pumps, tractors or heated greenhouses—to produce more food. The UK imports a huge amount of food—even things that we grow well in this country, such as tomatoes. We seem to have a fascination with buying imported tomatoes even during our tomato season. On imported foodstuffs, we bring into this country a large amount of soy to feed our cattle because of the ever-increasing demand for more milk production. As a result, oil prices are rising and will continue to rise further. As the years go by, the built-in link between the price of oil and the price of food means that the food prices that we have been used to will continue to increase as the price of oil goes up.

We need to wean our farmers off oil. Back in the '70s, companies decided to produce ever-better strains of seeds. That was linked to the oil industry, because in order to grow those better strains, the farmers needed fertilisers linked to oil. As the weeks, months and years stretch out ahead of us, if we cannot reduce the constant link with oil, we will face an inexorable increase in the cost of food. We need to act now, and the Government need to act now, to start to break that cycle.

Food banks such as that at St Clare's, Meir Park, in my constituency are doing fantastic work and helping the vulnerable in our society, and they have started only in the past year. In the 13 years of the Labour Government, for which the Secretary of State tried to berate us, they were not needed. I would like to see a country in which there were no food banks, of course—everybody would—but while we have the need for them, we must have them.

Julie Hilling: Is my hon. Friend aware that the Trussell Trust estimates that 60,000 people got food from food banks last year, and that 100,000 will this year? It estimates that by 2015, half a million people will depend on them.

Robert Flello: Absolutely, my hon. Friend is correct: that is the scale of the problem we face. By 2014-15 half a million people will be looking to food banks, so how many people will by 2020, and how many by 2025, if action is not taken soon?

People do not want to go to food banks. They do not think on a Saturday afternoon, "Oh, I know, let's pop to the food bank." They do it because they have no other choice. They are people with pride and self-esteem, but they think, "Well, hang on, it's that or starve." What a contradiction it is that at the same time we are throwing away 7.2 million tonnes of food every year. It is unbelievable that we are wasting food on such a level. It is appalling, and a national disgrace.

Why is that happening? The hon. Member for Shipley (Philip Davies) rallied to the defence of the supermarket industry. I will make further points about that industry in a moment, but when it has food promotions such as two for one or three for one, it causes problems for families at the poorest end of the scale, who do not have a freezer and cannot store so much food. However, most of the problem comes from people such as—dare I say it?—us in the House. Mea culpa: at the end of Christmas and its excesses, we look at our own fridge or freezer and see that it is still full of food that was not needed. That food ends up going in the bin, at the same time as people—*[Interruption.]* Well, actually, I do not throw food away, but there are people who do.

Chris Ruane (Vale of Clwyd) (Lab): You don't look as though you throw it away.

Robert Flello: My hon. Friend is quite right. However, let us not lose track of the serious point.

Philip Davies: Will the hon. Gentleman make it clear to hard-pressed families in his constituency whether he is in favour of supermarkets and retailers offering buy one get one free offers, or against? I am sure they would be very interested to know.

Robert Flello: I am delighted that the hon. Gentleman asks that question. I would like the goods on the shelves to be at a fair price so that families can afford to buy one of something and do not have to go for a two-for-one offer to get the best value. I know that he is perhaps still an unpaid spokesperson for a supermarket.

There is a problem with the desire for perfect food, too. Our farmers are having to waste a lot of food because it does not meet some of the supermarkets' requirements for perfect food.

Laura Sandys (South Thanet) (Con): Will the hon. Gentleman give way?

Robert Flello: I will not, because I have less than two minutes to go. If there is time at the end of my speech I will allow the hon. Lady to intervene.

My final point is about the groceries code adjudicator. We need somebody who holds the supermarkets to account, because whether we are talking about the past two years, the previous 13 years—as the Secretary of State tries to shift the blame on to our side—or the past 20, 25 or 30 years, the supermarkets have been making money left, right and centre, hand over fist, but at the same time our farmers have told us that they are struggling. The number of farmers now is a fraction of what it was 20 or 30 years ago, and customers and consumers—our constituents—are suffering. We need the adjudicator. If the Secretary of State has a problem with the need for an adjudicator, the answer is quite simple: if the adjudicator is appointed and does not have any work to do, perhaps the post will have been a success because the supermarkets have realised that the game is up.

This debate is not about those of us who are in the comfortable position of being able to go out and buy what we want in the supermarket. It is about the poorest in our society, who may not have freezers and fridges, and cannot buy in bulk, or buy food when it is on offer. They are the ones who work and live from week to week—sometimes from day to day. The House and the Secretary of State need to provide a positive steer, to ensure that the most vulnerable families are looked after, helped and supported by all the machinery of government.

5.19 pm

Miss Anne McIntosh (Thirsk and Malton) (Con): I congratulate the hon. Member for Wakefield (Mary Creagh) on calling the debate. In welcoming it, I draw attention to my declaration in the Register of Members' Financial Interests. However, there are many other issues that the hon. Lady could have mentioned, which exercise those who live in rural communities. I recognise that Wakefield may not be quite as rural as Thirsk, Malton and Filey, but if we consider poverty among the farming community over the past 10 years, particularly in small upland farms, it is fair to say that farmers are not in a position to employ many outside their own family. Normally the farmer, his wife and his family work on the farm, and that has led to diversification when possible. In some of the most successful examples, such as Shepherds Purse cheeses and Get Ahead Hats, the wife has diversified or gone out to work separately.

The hon. Member for Wakefield also failed to tackle the increasingly important issue of farm-gate prices, as opposed to rising supermarket prices. I would like to draw attention to that. In my constituency, I can point to pockets of rural poverty in the Hambleton district. In the Ryedale district there is a poverty gap, for those on low incomes, between their low wages and the particularly high cost of housing.

DEFRA's farm business income report showed that the cost of fertiliser and animal feed rose by nearly 30% each in 2010-11, the last year for which figures are available. That means that the livestock and horticulture sectors have suffered falls year on year. I draw the attention of the hon. Member for Wakefield to the fact that livestock farm income fell by 29% in lowland areas and by 19% in upland areas, with horticulture income down 27%.

The hon. Lady did not consider exchange rates, which my right hon. Friend the Secretary of State mentioned. What if the unthinkable were to happen and the euro failed—or what if even one member country fell out of the euro? The question being asked coming up to spring in auction marts, particularly in the north of England, where most of the lambs are exported, especially to France, is: how and in what currency will farmers be paid? They are starting to wonder whether they will be paid at all. We had the opportunity to cover some of those issues in today's debate, and I am disappointed that we did not.

I welcome the debate, but, as my right hon. Friend the Secretary of State explained, we are looking at the high cost of fuel as well as the increased costs of feedstuffs and fertiliser. As the Chancellor of the Exchequer has said on so many occasions, oil prices are set globally. The price of cereals and many farm commodities are set internationally.

I want to focus on the role of supermarkets, and particularly the part of the motion that deals with the groceries code adjudicator. I draw the House's attention to a successful one-off evidence session that the Environment, Food and Rural Affairs Committee held. The hon. Member for Wakefield has included kind words about the Committee in her motion. At the evidence session I was very moved by a category of people to whom, again, the hon. Lady did not refer—individual fruit and vegetable growers and horticultural growers, who have the loosest possible arrangement with supermarkets and virtually no protection. We were shocked to realise that their contracts could be terminated at a moment's notice. They need protection and the ability to make a complaint anonymously. As we said in the letter that we submitted to the Chairman of the Business, Innovation and Skills Committee:

> "For many years there has been a 'climate of fear' in the groceries supply chain. We therefore endorse the provision in the draft Bill that will allow the Adjudicator to receive anonymous complaints from direct or indirect suppliers about retailers breaking the Groceries supply Code."

I hope some good can come out of today's debate and urge my right hon. Friend the Secretary of State to use her good offices to put pressure on the Secretary of State for Business, Innovation and Skills; that is the responsible Department.

I commend all the Committee's conclusions without hesitation, but I shall draw attention specifically to two of them.

Philip Davies: My hon. Friend will know that the vast majority of suppliers to supermarkets are, by definition, huge organisations—multinational companies such as Mars, Coca-Cola, and Proctor and Gamble. Does she think that they need the protection of a grocery ombudsman, or does she agree that they are more than big enough to look after themselves?

Miss McIntosh: I am so fond of my hon. Friend that I have great difficulty in saying that I must draw his attention to the remarks I have just made. His big organisation—Asda—is revered in north Yorkshire because it stemmed from Associated Dairies, which not only set the price but provided a market for local milk suppliers. Individual growers need protection, because they are unable to speak for themselves. We all have big constituencies and may not always be aware of such individuals. I hesitate to say whether big companies are "good guys" or "bad guys", but Asda and Morrisons source a lot of their food locally—almost 80% or 90%. We need to protect the small individual growers.

The Environment, Food and Rural Affairs Committee believes that two of its conclusions could have an impact if the Secretary of State for Environment, Food and Rural Affairs can persuade the Secretary of State for Business, Innovation and Skills to amend the draft Groceries Code Adjudicator Bill. First, the ability of suppliers to make anonymous complaints is fundamental to the success of the groceries code adjudicator. Secondly, the adjudicator should have the power to launch investigations. We are all agreed that he should have the power to fine, but he should also have the power to launch investigations.

Laura Sandys: I have just established a not-for-profit company called Ugly Food. The strapline is "Tasty but imperfect, just like you". There is a phenomenal number of small suppliers who have food rejected because their produce is not perfect. We should look to create a market for that food, so that we do not waste it.

Miss McIntosh: The House will draw its own conclusions about my hon. Friend's self-advertising.

I understand that the powers of the Competition Commission are based on the powers of the Commission in Brussels. The EU directorate general for competition has the power to swoop when it believes an investigation should take place. I urge my right hon. Friend the Secretary of State to make the same plea to the Business, Innovation and Skills Secretary to adopt those two recommendations—and, indeed, all the Committee's recommendations.

The Secretary of State for Environment, Food and Rural Affairs will be aware of the Committee's work on food security. I hope she will remove any inconsistencies between trying to supply a secure strand of food and sustainable food production. There is an inconsistency at the heart of the Government on that. She will be involved in discussions on common agricultural reform in Brussels. Greening the common agricultural policy could take productive land out of production. It could also be hugely expensive and involve the introduction of more complex regulations, which we should be aiming to simplify.

Mrs Spelman: My hon. Friend will know that I acknowledged that problem when I gave evidence to her Committee last week, and that we will try to ameliorate the Commission's proposals in that regard.

Miss McIntosh: I am most grateful for my right hon. Friend's clarification.

In conclusion, we should say, "Keep it simple." With all the regulations coming forward, whether to do with the adjudicator or not, the powers should be clear and allow individual growers, under a cloak of anonymity, to raise such issues, either directly or through a third party. I welcome this debate, although I regret that many of the issues that I have raised are not covered by the motion. However, we can have a positive debate today and see an early completion of the adjudicator code, with an early introduction of the adjudicator in the next Session.

5.30 pm

Pat Glass (North West Durham) (Lab): It is a pleasure to follow the hon. Member for Thirsk and Malton (Miss McIntosh), who, like me, represents a large rural constituency where farming is an important industry. I visit farms and talk to farmers regularly, and the one question they ask me to raise in Parliament is, "When are we going to get the supermarkets ombudsman?" I was not here in the previous Parliament. I cannot answer questions about why successive Governments did not introduce a supermarkets ombudsman. However, Members who were here tell me that the issue of a groceries code adjudicator has a long and not very productive history.

Members have championed the cause in opposition, but have proven remarkably slow to put anything into action when in government. In opposition, the Tories announced that they would create the new body through a levy on retailers. Two years ago this month, in January 2010, the then shadow Environment Secretary, the right hon. Member for Arundel and South Downs (Nick Herbert), said that

> "further consultation is not the decisive action that consumers or the industry need...Conservatives are clear: we would establish a supermarket ombudsman to enforce the grocery supply code as a dedicated unit in the Office of Fair Trading to ensure a fair deal for producers and safeguard the consumer interest."

However, we are two years into this Government, and it appears that they are not quite so decisive now. The hon. Member for Westmorland and Lonsdale (Tim Farron), who was then the Liberal Democrat environment, food and rural affairs spokesman, also told us in January 2010:

> "For years, Labour and the Tories have twiddled their thumbs while huge supermarkets have pushed thousands of farmers to the brink. Their response has been totally inadequate".

However, the Lib Dems are part of this Government, yet we are seeing no sign of decisive action.

[Pat Glass]

Where we have seen consistent, strong and decisive action is from the big four supermarkets. They have always offered strong and sustained resistance to the establishment of a supermarket ombudsman. Tesco, Asda, Sainsbury's and Morrisons have fought a long, consistent and, it now appears, successful campaign of opposition and delay. However, in the meantime, the farming industry and the consumer continue to wait. Tom MacMillan of the Food Ethics Council tells us:

"The government must now ensure that it listens to small producers as well as big business. A strong supermarket ombudsman, invested with real power, would have the authority to ensure fair prices from the farm gate to the checkout"—

the very point that the hon. Member for Thirsk and Malton made. He continues:

"It would protect the livelihoods of farmers across the UK and give consumers better access to fresh, healthy food."

The National Farmers Union tells us that dairy producers have been particularly squeezed, with dairy farmers going out of business every day. That is exactly what I am seeing in my constituency, where the number of dairy farmers has been reduced significantly, as they either move into other forms of farming or, more often, leave the industry altogether. War on Want believes that a supermarket ombudsman would support farmers here at home and help poorly paid workers in the developing world. Only the British Retail Consortium, speaking for the supermarkets, believes that a supermarkets ombudsman is a costly and unnecessary new bureaucracy that would not benefit suppliers or consumers. [HON. MEMBERS: "Hear, hear."] Oh sorry, only the British Retail Consortium plus one or two Government Members.

The farmers in my constituency, and in many others across the country, are looking for decisive action from the Government on this matter. How many more of them need to go out of business before the Government get around to taking action? Farmers and consumers need a groceries code adjudicator with real powers who can impose real fines of a magnitude that will change the behaviour of food retailers, and that are not just seen as an occupational hazard and a risk worth taking. Thatis the way to bring in fairness across the food chain. It really does not matter whether we call the body a groceries code adjudicator, a supermarkets ombudsman or Oftrolley; what matters is that we get such a body now.

5.34 pm

Laura Sandys (South Thanet) (Con): I must now declare an interest in the organisation called Ugly Food that I have established. I believe that it is open to all small producers to market their foods with new branding and a new logo.

Perhaps I am looking at these matters non-politically, and perhaps I am looking too far into the future, but I think that we have a real problem. We talk about cheap food, but we are not always going to be able to deliver cheap food. We will have been deluding our constituents by suggesting that it will be available in the longer term, unless someone comes up with the answers to climate change, increased calorific intake and population growth. If we are to be responsible and live in the real world, we must try to deliver a system in which the cost of feeding one's family healthily and effectively does not go up in price, but that is fundamentally different from talking about cheap food.

The food system in this country has been distorted by the very cheapness of the products. Food here is cheaper than in any other country in Europe and, as a result, we have seen a much steeper price hike in recent years than the rest of Europe. That price hike has been compounded by two fundamental aspects of our food chain. We import much more than any other OECD country, and we eat much more processed food, which is highly energy intensive and labour intensive. A further anomaly is that, although this country's supply chain is supremely efficient, it is not very resilient. As a result, we face greater price fluctuations and volatility when shocks to the system occur.

Julian Sturdy (York Outer) (Con): I draw Members' attention to my declaration of interest. My hon. Friend is right to say that food prices will continue to rise, and that that will be a problem. Is it not the case, however, that one way of tackling that would be to tackle food waste? Should we not also examine the new technology that could really move agriculture forward, not only in the UK but around the world?

Laura Sandys: I totally agree with my hon. Friend. It is pretty frightening that wheat yields in this country have not increased at all over the past 20 years. Also, because food has been so cheap in this country, we have not valued it. As a result, there is a huge amount of waste in the system.

It is interesting that the Opposition have chosen this subject for debate, because you left this country very vulnerable—

Madam Deputy Speaker (Dawn Primarolo): Order. That is the second time the hon. Lady has done this. She is not to refer to the Chair in that way. I have not done anything. She should refer to "the hon. Lady". I certainly have nothing to do with fruit of any kind.

Laura Sandys: I do apologise, Madam Deputy Speaker.

To address the bigger problem of food insecurity, we should look to the energy model. This Government's strategy on energy insecurity aims to manage a valuable resource, to address the waste in the system and to build greater UK resilience to international price fluctuations. With some tweaks, several of those policy mechanisms could and should be adopted for food. Security of supply is an example. The previous Government cannot claim much credit in that area. Imports of food increased by 52% under the previous Government and agricultural land was diverted away from production. Thank goodness, today we have Ministers who understand the issues of production.

To build greater security of supply, domestic production must, in my view, increase. We must build a hedging mechanism against global volatility and realise not only that food imports will become more expensive but that the level of imports, with a weak pound, is having a negative impact on our balance of payments and placing inflationary pressure on benefits and entitlements.

We must address food waste with a similar tenacity to that with which we are addressing energy waste through the green deal. We need to reverse the indulgent years

that deskilled the consumer in food preparation and supported profligacy in the supply chain. Customers—we, the consumers—are often accused of being responsible for such waste, but I disagree. The system is designed to create waste and the consumer is merely responding to how the supermarkets and other retailers sell their products. The waste in procurement is terrifying and I hope that the grocery code of practice will ensure that we reduce some of it. As I have mentioned before, my campaign through Ugly Food is one way of addressing some of the waste embedded in our system.

Waste is also embedded in the design of consumer-facing products. The hon. Member for Stoke-on-Trent South (Robert Flello) talked about the packaging and presentation of food. People blame the customer, but is it their fault? Servings of food are often too big and processed foods are heavily advertised. Although the Government have made a great deal of progress on display dates, safety dates mislead the consumer about the longevity of products. Point-of-sale displays draw consumers to larger packages rather than smaller units of food and BOGOFs—buy one, get one free offers—neither help single item shoppers nor reduce the bills for family shoppers.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): Will my hon. Friend add an additional item to that long and rather depressing list, which is country of origin?

Laura Sandys: I believe that EU regulations are changing and that country of origin labelling will have to be much clearer, but we certainly have an issue with knowing and understanding exactly where food comes from and, when it comes to meat, where the animal was born rather than where it was reared.

Our system is designed around cheap disposable food and the UK, more than any other country other than the US, must embark on a culture change. We should re-engineer our food system to place value on food and to stop regarding it as disposable. That is why I am calling for a food security obligation—similar to the energy company obligation—for supermarkets and large food producers so that they record and reduce waste through their procurement process and commit to designing their products with the aim of delivering real value for money for the consumer, which is quite different from cheap food.

Both 2008 and 2011 were shocks to the system, but the price rises we have experienced will be the norm in the future. We had better get used to it. Food will not be cheap, but with the right policies in place, feeding our families need not be more expensive.

5.43 pm

Nia Griffith (Llanelli) (Lab): I pay tribute to the excellent work done by my hon. Friend the Member for Ynys Môn (Albert Owen) through his private Member's Bill, the Grocery Market Ombudsman Bill, which, as many Members will know, had a long history spanning several years. He said—this is the most important thing to remember about the Bill—that it was about fairness to all those involved, whether they were farmers, small producers, local suppliers, suppliers from developing countries, small shops, convenience stores, supermarkets or, most importantly, consumers.

The Bill led to the proposal for a supermarket ombudsman or groceries adjudicator being in all three parties' manifestos for the 2010 election, but what has happened since then? The hon. Member for South Staffordshire (Gavin Williamson) secured an Adjournment debate on the groceries code adjudicator last April, and in May we had the Department for Business, Innovation and Skills document, "The Government's policy for a Groceries Code Adjudicator", but it is now January 2012 and we do not seem to be any further on.

I should like to ask the Secretary of State why we are waiting so long for the Bill and when we are going to see it. Is it going to contain the proper sanctions that we all want to see—sanctions that will actually make a difference and make people change their behaviour? Will the adjudicator be able to carry out proactive investigations? One thing is certain: if, as the hon. Member for South Thanet (Laura Sandys) has explained, we need to increase food production, farmers are not going to be able to do that if they are being squeezed on prices. Many Members have cited the dairy industry as an obvious example. If the price of milk is squeezed, people inevitably go out of business and we produce less, which means we end up importing even such things as milk, which one would think we could produce very easily in our climate.

Philip Davies: Here we are being offered again this painless panacea in which everyone benefits from an ombudsman. Will the hon. Lady explain how getting the supermarket to pay more to the supplier and the farmer, fining it more and getting it to pay for the ombudsman will result in reduced costs for the customer? I am absolutely fascinated to hear how that will work.

Nia Griffith: This is about fairness. It is about paying a fair price to farmers for what they produce, having a fair price for consumers, and stopping sharp practices. It is about protecting the good businesses—the good guys if you like—and creating a level playing field, which is extremely important.

Let me address what happens to people when they go into supermarkets, particularly when they buy fruit and vegetables. We should not forget that there has been a dramatic drop of 30% in fruit and vegetable purchasing by the poorest families, so that the poorest children now get only 2.7 of the five portions of fruit and veg they should have each day. Is it small wonder that when people go into supermarkets they are quite worried about what will end up on their bill at the till, given that they are absolutely dazed by the displays of fruit and veg and the ways of pricing them? Sometimes they are priced by the item, sometimes by the packet—in fours, eights or tens—and sometimes by weight. For example, there are many varieties of tomato, from cherry tomatoes to beef tomatoes, and there is a range of different pricing mechanisms, which is extremely confusing. There should be a very simple formula that allows us all to compare prices easily, because it is very difficult with loose items such as fruit and veg, which can be packed in so many different ways, to work out exactly what one is being charged. Last September there was a bumper crop because of that fabulous spring we had last April, but did we see prices drop? No. Could we have told if they had dropped? No, because unlike at the petrol pump where we can all see the sign displayed very

[Nia Griffith]

clearly and can tell when prices go up, one cannot see when prices for fruit and veg go up—it is easy to disguise and to pull a fast one on the consumer. Those issues need to be addressed.

As my hon. Friend the Member for Bolton West (Julie Hilling) has explained, the number of people needing help from food banks is increasing and it is set to increase further. Why? Because some of this Government's taxation policies are hitting the poorest hardest and squeezing their income. For example, some of the changes being introduced mean that those on low wages who are trying to do the right thing and go out to work are going to find that their tax credits will be cut. They would like to top up with more work hours, but those hours simply are not available. Sometimes that is because supermarkets prefer to have people on low hours; it gives them more flexibility for the Saturday and Sunday shifts that they want worked.

What about the cuts to housing benefit? They are going to leave many families who currently receive the amount they need to pay their rent having to use what should be food money to pay the rent. That is why we will see dramatic drops in the amount that people have to pay for their food. There will also be more and more families relying on food banks. What about the cuts in winter fuel allowance? They will leave some of our pensioners with less money to spend on food.

Simon Hart: Does the hon. Lady accept that obesity is increasing, particularly among young people and people from poor backgrounds? Despite the efforts of the previous Government and this Government, that does not show much sign of changing. Does she accept that, in reality, the issue is about a lot more than just the current Government's tax system? It is much wider and much more complex than she portrays it.

Nia Griffith: Obesity may very well be on the increase because unhealthier foods are the only type that some families can afford; they cannot afford the healthier alternatives. That is a real issue. People look at the different pricing mechanisms and go for what can fill them up. That is the type of food that they rely on now. They do not have the luxury of choice.

Let me move on from pricing in supermarkets and our adjudicators Bill to my worry about families who cannot afford something very basic: enough food to eat. That is very serious. It is nothing to be proud of that we need food banks; that is something that we do not want to see. We do not want anybody to have to rely on charity for something that every family should be able to afford. We want proper policies that will put money in the pockets of the people who need to spend it on food. No one in this country—one of the richest countries in the world—should have to look to charity for food. We need to make absolutely certain that the policies put in place deliver fair prices for consumers and farmers, and that the distribution of income levels is fair, so that those who have the least can make the purchases that they need to make to feed their family. It is an absolute disgrace to rely on food banks to do something that everyone should be able to afford to do: feed their family.

5.51 pm

Fiona Bruce (Congleton) (Con): Thank you for this opportunity to speak on food poverty, Madam Deputy Speaker. Members have mentioned with concern a lack of knowledge among many people today about what constitutes a healthy diet, and a lack of the skills to create healthy meals. I share those concerns, but in the time that I have, I would like to concentrate on another skill that is less prevalent today than it was just one or two generations ago: the skill to grow and produce at least some of our own food. That is something that my grandparents did, and not just as a hobby; it gave them a vital supplement to their daily diet. I remember enjoying that whole-family activity on many summer evenings.

I want to concentrate on some of the excellent initiatives in my constituency devoted to sharing know-how in this sphere. Interestingly, while some groups are decades old, including the Middlewich and District Show Society, the Congleton and District Horticultural Society, and the Alsager Gardens Association, others have been set up in the past two to three years, with immense support. They include the Sandbach Allotment Society, Home Grown in Holmes Chapel, and the Congleton Sustainability Group.

People on low incomes have the lowest intakes of fruit and veg, and are therefore far more likely to suffer from diet-related diseases such as cancer, diabetes, obesity and coronary heart disease, which is why the initiatives that I am talking about could be disproportionately valuable to them. The ability to develop and share skills, and more opportunities for people to grow their own—whether in their garden, a neighbour's garden, or on community land—are greatly needed. That need will increase, given that, as the chief scientific adviser to the Government has said, by 2030 we will need to produce 50% more food, and given that the European Commission's current proposals could mean taking 7% of land out of production, much to the consternation of farmers in my constituency.

Turning back to the local, let me describe some of the benefits that the Middlewich annual show promotes. There were 400 entries last year across the many categories, including cookery, flowers and vegetables. John Carver, the chairman, grows leeks, onions, carrots, potatoes, peas and broad beans in his garden. I can testify, having visited it, that it is as attractive as any garden with flowers in it. He says he gardens as people did 30 years ago, and has to buy hardly any veg for his family. He has carrots in storage, and freezes beans and peas. He advises people to grow their own

"as they are far better since they have not lost any of their 'goodness'".

At the last Middlewich show, it was a real pleasure to see the civic hall crowded out. Some of the entrants were very young, and some of the veg were of phenomenal size; several leeks, when stood on end for a photograph with me, were bigger than me.

Chris Ruane: Never!

Fiona Bruce: That will not come as a surprise to some Members. We should promote the idea of making greater use of gardens. Indeed, many elderly people might appreciate having veg tended in their gardens in exchange for some of the produce.

The Sandbach Allotment Society has been going for just two years. Forty people came to the first meeting, and 120 to the second. It aims to encourage growing your own, and has found temporary accommodation on a 1.2 acre site belonging to a local farmer. That will provide 34 half-plots, each of which will provide a significant amount of vegetables for a family, at a fraction of the cost of buying them. It says that growing your own is not an old man's domain; it is for families. It brings families and communities together. I know how popular it is: there is a 100-person waiting list for further allotments that it hopes to obtain.

Home Grown in Holmes Chapel is an innovative community action group that encourages residents of Holmes Chapel and neighbouring communities to buy locally produced food, shop in local shops, and work together to grow their own fruit and veg. It has been lent two previously untended plots of land in the village centre, one by the carpet shop and one by the health centre. The organisers say that, despite rain showers, on a blustery May day, nearly 40 volunteers turned up to the group's first dig-in. Volunteers planted a variety of fruit and veg—strawberries, lettuces, cabbages, sugar-snap peas, and radishes donated by the volunteers, whose ages ranged from just 18 months to 75 years. Lissy Berry, aged eight, said to her mum:

"This is hard work, but I'm really enjoying it—it is so worthwhile",

and other volunteers agreed. Another said:

"I have really enjoyed myself—it is a wonderful feeling to have achieved so much".

I went to the group's first harvest in October, and I can testify to the tastiness of the lettuce.

The group says:

"We want people to think about the way we live our lives...We are not trying to feed Holmes Chapel—just show what is possible with a little space, sunshine, water and love! It is great to eat vegetables that have been grown for taste, not for shelf-life, and it is great to be able to do so without driving the car anywhere or eating produce that has been flown half way around the world...We are growing community fruit and vegetables for the community to use!"

The group has great plans: it is starting to talk to the parish council and Cheshire East council about planting fruit trees around the village; holding a "shop local" week; and encouraging residents who have a bit of spare community land near their house to set up a community veg plot. It is working with Holmes Chapel primary school; I was pleased to see recently planted herbs and veg there, and there are plans for more vegetable beds. It wants to work with retirement and nursing homes in the village, and to see if it can get community groups working together to grow fruit and veg in those places. It says:

"that is enough to keep us busy for some time to come!"

Other initiatives in the constituency seek to reduce waste. Ray Brown, a farmer, proposes to convert an old Ministry of Defence fuel base into an anaerobic digester, with the support of Cheshire East council. It is anticipated that it will be able to take all the food waste from the entire population of Cheshire East, which covers not just my constituency but several others. That will raise Cheshire East's recycling rates to a remarkable potential 90%. The scheme will also generate electricity and feed it into the grid. As I hope the Government will recognise, that should negate the need for an incinerator just 15 minutes away in Middlewich.

On waste, I cannot omit to mention the tremendous work done by the Congleton Sustainability Group, which produced the now-famous Congleton apple juice that many Members tried here recently. In 2010, it used 3.5 tonnes of apples that would otherwise have gone to waste, and its target for 2011 was 5 tonnes.

Those are just a few initiatives, but there are many more that I could have described. If we are to alleviate food poverty, it is important to promote, share and develop skills at all levels of food production. It could take us a considerable way towards tackling problems in the years and decades to come.

5.59 pm

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I congratulate my Front-Bench colleagues on securing today's debate on this relevant and topical issue. I wish to use this opportunity to highlight the national scandal of rising poverty.

Some people find it hard to believe that food poverty really exists in this country. Last year, I was aghast to hear the former Conservative MP, Edwina Currie, say on BBC radio that she had "great difficulty" believing that people in Britain went without food. Only last week, the Secretary of State for Work and Pensions said that people are not suffering as a result of benefit changes. Perhaps they have not seen the very real and tragic situation that thousands of families and pensioners face this winter, and perhaps they have not been affected by the 4% rise in food prices over the past 12 months. However, the thousands who are forced to queue for handouts, in lines that stretch through church halls and community centres across our country, certainly are, and they include people who struggle to balance housing costs and rising energy bills, and the mums and dads who go hungry so that their children do not have to. With rising prices, higher living costs and falling wages, it is becoming more difficult for people to make ends meet. The consumer prices index shows that the average household spends 12% of their income on food, meaning that a couple with two young children spend more than £5,000 a year on food. In addition, according to the OECD figures that we have discussed a great deal this afternoon, 4% food inflation has added an extra £233 to that bill over the past year alone.

It is even harder for lower-income households to cope. DEFRA's own statistics show that they have to spend 15.8% of their income on food—nearly 3% more than the average household. While jobseeker's allowance for a single adult is £67.50, it is just not possible to eat healthily on £8 a week or just over £1 a day. Last May, I did the "Live Below the Line" challenge, which was organised to raise money for charities in Africa, and I lived on £1 a day for food and drink for five days. I did not have enough protein, and I got headaches. I could afford just one of the five recommended pieces of fruit and veg a day. I endured that for just five days: there are over 4,000 people in my constituency for whom that is a reality 365 days a year.

It is therefore not surprising that fruit and vegetable consumption in poorer families fell by 30% last year. It is even harder to buy food when the support to which someone is entitled is not paid on time, as I found out when I visited a Trussell Trust food bank in my constituency just before Christmas. I met a man who had walked in the freezing rain to get to the food bank. The week

[Luciana Berger]

before, he had been in hospital recovering from heart surgery. When he came out of hospital, he was told that he would have to wait a number of weeks for his benefit payments to be reinstated. He was hungry. His district nurse had given him a food voucher, but he could not afford the bus or a taxi. He had to walk more than four miles. He was a desperate man.

That is one of three food banks operating across Liverpool. We have five in total across Merseyside providing desperately needed assistance to people who cannot afford to buy food. The figures show that the largest proportion of people seeking emergency assistance—just under 40%—do so because of delays in receiving benefit payments. With the Chancellor's austerity programme sucking growth out of our economy and pushing up inflation and employment, it is clear that, Her Majesty's Revenue and Customs and a reduced Department for Work and Pensions cannot cope with the demands placed on them. That is set to get worse, as it is estimated that over the next three years HMRC will lose 10,000 more staff, and DWP is set to lose 17,000 staff.

In my constituency in the past nine months, 312 people were issued with food vouchers for themselves and their families, which entitled them to at least three visits to the food bank, but the food bank would never turn them away if they needed anything more. That situation is not unique to Liverpool. There has been a huge growth in food banks across the country, with one opening every week last year. Contrary to what the Secretary of State for Environment, Food and Rural Affairs believes, I do not think that that is something to celebrate. As my hon. Friend the Member for Wakefield (Mary Creagh) highlighted, according to the Trussell Trust, the fantastic charity that runs 163 food banks across the UK, in the past 12 months, 60,000 people received help from food banks, including 20,000 children. It predicts that 130,000 people will need help this year.

My hon. Friend the Member for Bolton West (Julie Hilling) highlighted the fact that those figures are set to rise to 500,000 by 2015. The figures are staggering and awful but, faced with that crisis, the Government have pursued out-of-touch policies that are making the situation worse, not better. They are making it harder for families and pensioners to make ends meet and to cope with the rising cost of living. Tax rises and spending cuts that go too far and too fast are choking off economic recovery, pushing up prices and leading to soaring unemployment.

That reckless plan has backfired on the deficit too, with more people out of work and claiming benefit rather than paying taxes, meaning that the Government will not balance the books by 2015 as they promised. It is time to change course and get our economy growing to create more jobs. DEFRA should play its part by putting the food industry—the largest manufacturing sector in the UK—at the heart of the economic recovery and getting a fair deal for British farmers and food manufacturers. We want a competitive supply chain for growers, processors and retailers.

The Secretary of State for Environment, Food and Rural Affairs was pressed earlier about when the groceries code adjudicator will be introduced, but we did not receive clarification. We are concerned that the office will not be up and running until at least 2014-15. As price rises are 0.7% above the EU average at 4%, we need action now, and we also need to act to protect consumers from vested interests. The grocery market is dominated by four big supermarkets, which account for about 85% of the total market. Nine out of 10 people are concerned about rising food prices, and over half of them are comparing prices more when shopping for food. However, only 53% of people think that it is easy to work out which product is better value for money using the price information available on labels. Consumers need transparent pricing from the major retailers to make it easier to compare goods so that they can make informed choices. Under Labour proposals, retailers would provide clearer unit pricing for goods, with information that is easier to read, and with unit prices for promotional offers.

Today's motion sets out to put right the failed approach of this Government, who are out of touch with the families and pensioners facing the squeeze from rising living costs. The approach set out by Labour in the motion would help the thousands of men, women and children who cannot afford to eat properly this winter, introducing measures to get our economy moving and securing a fair deal for British farmers and consumers. Unlike the Secretary of State, I do not welcome the escalation in the number of food banks: there are already three too many in Liverpool, and 163 too many across the UK. It is a tragic and terrifying indictment that we have food poverty in 21st-century Britain, one of the richest nations in the world, and that food poverty is rising. The Government must do anything and everything to reverse the situation in which over 100,000 people this year cannot afford to buy food to eat. I urge everyone to vote for the motion.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): I shall try my level best to allow everyone to speak. The wind-up speeches begin at 6.40 pm, so there is a six-minute limit on speeches.

6.7 pm

Andrew George (St Ives) (LD): I shall do my very best, Mr Deputy Speaker. I am the first Liberal Democrat speaker, and I regret the fact that we have only six minutes. Of course, I am not criticising you, Mr Deputy Speaker.

Bob Stewart (Beckenham) (Con): There are no more Liberals here.

Andrew George: The hon. Gentleman has only just arrived in the Chamber, so I advise him not to start.

I welcome the fact that the Opposition have introduced this important debate, the full title of which is, "Rising Food Prices and Food Poverty". That is appropriate, although I notice that the motion is rather narrow, and refers primarily to the groceries code adjudicator. Following my intervention on the hon. Member for Wakefield (Mary Creagh), I urge the hon. Member for Ogmore (Huw Irranca-Davies), when he replies to the debate, to ensure that the Opposition reflect carefully on the drafting error in the motion, which sends an unhelpful message to those of us who believe that the primary message of today's debate concerns the speed of the introduction of the groceries code adjudicator. I urge him to withdraw

the motion when he has an opportunity to do so. It is vital that we send a strong, clear message through our debate.

I acknowledge the point that many Members have made about the impact of food poverty and the fact that people have to choose between paying their rent and eating, or between paying their heating bill and eating. Nowhere does that apply more than in my constituency, which has been at the bottom of the earnings league table for years, pretty much since records began. Tragically and regrettably, a food bank is required in Penzance, which is strictly managed by an excellent team of volunteers led by David Mann, Brenda Fox and others, who do very good work. They consider it a matter of enormous regret that such things are needed.

I welcome other topics raised by the hon. Member for Wakefield, including the importance of maintaining regulation by the Gangmasters Licensing Authority and ensuring that agricultural workers are properly remunerated for their work. She expressed dismay at the failure to introduce the grocery code adjudicator. I remind her of the dismay that many of us felt at the failure of the previous Government to act in this area. However, those who have followed the debate over many years recognise that this is a matter on which there is cross-party consensus.

The hon. Member for Ynys Môn (Albert Owen), who was mentioned earlier, the former Member for Stroud, David Drew, who did some excellent work in this area, the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski), the hon. Member for South Holland and The Deepings (Mr Hayes), who is the Minister for Further Education, Skills and Lifelong Learning—Members across all parties—have recognised that the abuse of power by the supermarkets is unacceptable.

In its 2008 report the Competition Commission recognised that there was a climate of fear in the supply chain. That had been identified by the Office of Fair Trading report in 2004, when it reviewed the failure of the then supermarket code of practice and the urgent need for a grocery supply code of practice. As a result of the Competition Commission's work, that has been in place since February 2010, but it is a little like a game of rugby without a referee. It is all very well having the rules in place, but if there is no one to enforce them, we do not know that rampant abuses of power are not occurring within the supermarket sector.

I declare an involvement as the chair of the Grocery Market Action Group, which includes representatives from the National Farmers Union, Friends of the Earth, the Association of Convenience Stores, the British Brands Group and other organisations. Since 2006 we have been providing evidence to the Competition Commission and pushing for an adjudicator. We have made the point that we need a supermarket watchdog that has proactive powers, can take information anonymously, can receive third-party and trade association evidence, and follow that through to an inquiry. Of course it is important that an adjudicator should not be able to go on fishing expeditions and waste the time and resources of supermarkets and their suppliers in undertaking pointless inquiries. That will sort itself out over time.

Simon Wright (Norwich South) (LD): I know that my hon. Friend has been looking into the matter for some years. What does he consider to be the initial priorities of the adjudicator, once that office is established?

Andrew George: I am grateful to my hon. Friend. The objectives in the draft Bill are helpful. However, the importance of speed should be emphasised. Most of the framework is in the Bill, and I would be prepared to have it put in place early, even if we failed to achieve some of the elements that I have spoken about—proactivity, anonymity, third-party referral to the adjudicator, which is important, and the power to fine.

The Bill may well enable the Secretary of State to introduce regulations allowing the adjudicator to fine supermarkets that fall below the standards set in the Bill. To bring about reputational damage, which is the only way in which supermarkets will be made to change their practice, that additional power will be needed. It is important to recognise that not all the supermarkets and those who will be brought under the code object to the proposal. Supermarkets have been achieving record profits in the deepest recession, so to argue that they cannot afford it is rubbish.

I say to the hon. Member for Ogmore that speed is of the essence. The motion should be withdrawn so that we send a strong message to the outside world.

6.14 pm

Kerry McCarthy (Bristol East) (Lab): As we have heard, people in the UK are facing the biggest squeeze in living standards since the war. They are being hit on all sides. They are losing their jobs or their overtime or having their pay frozen. If they are self-employed, they are struggling to earn the sort of money that they used to earn. They are being hit by cuts to public services, rising fuel bills, rising rents, cuts to housing benefits, cuts to tax credits, and as we have heard today, they are being hit by rising food bills too. All those things add up and have a devastating impact on household finances.

Food prices in the UK have been rising at well over twice the rate of the incomes of the poorest. Over the past five years, food prices have gone up by 32%, rising at well over twice the rate of the national minimum wage and twice the rate of jobseeker's allowance. Around one in every 16 people have been forced to skip meals so that the rest of their family can eat. In Bristol that represents 26,500 people in the city having to go hungry because of financial hardship. Eight hundred people in Bristol have used a food bank in the past year. Oxfam South West has reported an increase in demand on its food banks, with some reporting a 100% increase on the previous year's total of applications for help. As we have heard, the Trussell Trust estimates that the number of people using food banks could increase from 100,000 this year to up to 500,000 by the end of this Parliament.

I congratulate the charities and Churches that run the food banks on the work they do. During the half-term recess I will be visiting the food bank in Bristol run by FareShare, which is an excellent organisation. Those charities make an immeasurable difference to people's lives, but as Kate Wareing, Oxfam's UK poverty programme director, has said,

> "Everybody in the UK should have enough money to feed themselves and their families, whether they are in or out of work. It's an outrage that increasing numbers of people in our country are having to visit food banks to feed themselves or put a hot meal on the table for their children."

So although I welcome the work of those running food banks, I—unlike the Secretary of State—do not welcome the need for their existence.

[Kerry McCarthy]

Families are not only turning to food banks. The Child Poverty Action Group has found that for a quarter of the children in the UK, school dinners are their only source of hot food. In Bristol the number of children eligible for school meals has been rising. Fortunately, the local schools forum agreed to maintain funding after this Government discontinued the ring-fenced school lunch grant, but schools too will be affected by rising prices. The value of breakfast clubs is often overlooked, despite the fact that 32% of children regularly miss breakfast. The simple truth is that too many children arrive at school each morning having not eaten a proper meal since lunchtime the day before. Research by London Economics found that breakfast clubs led to a statistically significant increase in attainment and improvements in punctuality that clearly outweigh the costs. A survey by Magic Breakfast, a charity that provides breakfasts at 22p per child at 200 primary schools, including some in Bristol, found that 88% of schools see improved attendance.

In the limited time I have left, I want to talk about the problem of food waste. Many people would regard it as immoral that good edible food is thrown away when people are going to bed hungry. On a global scale, all the world's 1 billion hungry people could be lifted out of malnourishment on less than a quarter of the food wasted in the US, the UK and Europe. Charities such as FareShare and FoodCycle are taking concerted action to tackle the problem, and doing so in a way that also encourages healthy eating, community involvement and volunteer engagement. I am proud to be a patron of FoodCycle.

Much of the problem lies in the supply chain—farming, feeding livestock, transportation, supermarket supply, restaurant policy and expenditure, and a demand for out-of-season food free from visual imperfections, as we heard from the hon. Member for South Thanet (Laura Sandys). I congratulate her on her Ugly Food campaign.

In its most recent report on the grocery market in 2008, the Competition Commission concluded that supermarkets are guilty of passing unnecessary risks and excessive costs on to their suppliers—for example, through forecasting errors by supermarkets. They might tell a manufacturer a week in advance that they will probably want 100,000 sandwiches, but on the morning the sandwiches are to be delivered, they substantially reduce their order, leaving the supplier with a pallet-load of sandwiches that they cannot sell. Worse still, many products carry the supermarket's own brand name and supermarkets will often forbid the manufacturers to sell the products on, insisting that they must be sold to them exclusively. There is also concern that if they give the products to charity, that will damage the brand.

Particularly shamefully, supermarkets often agree a price for a product with their supplier, but when sales are less than predicted and products need to be put on price reduction, the supermarket will turn around and require the supplier to share the burden of the reduced revenue. Even worse, there are the notorious take-back agreements, whereby supermarkets return to the manufacturer produce that they have failed to sell.

Although the work of food redistribution charities is invaluable, their very existence implies an acceptance of the level of social inequality that creates the coexistence of food poverty and food waste. With more than one in five workers earning less than a living wage, low pay is so pervasive that tax credits and food parcels are required to give hard-working families the support they need simply to put food on the table. That is why I strongly support calls for the draft Groceries Code Adjudicator Bill to be brought forward in this year's Queen's Speech.

I will also bring forward a ten-minute rule Bill in March calling for action to enforce the principles of the food waste pyramid, which deals first with the reduction of food waste, then with the distribution of surplus food to redistribution charities, and then with sale or donation for feeding livestock, rather than food waste being sent for anaerobic digestion, or—even worse—landfill. I will be happy to talk with other Members who are interested
in the Bill, and I hope that they will join me in supporting it.

6.20 pm

Mr David Nuttall (Bury North) (Con): In the Order Paper, the title of this debate is "Rising Food Prices and Food Poverty", but I note that the words "food poverty" appear nowhere in the motion. We should start by examining what constitutes a state of affairs that can be described as food poverty. The Food Ethics Council, a registered charity, states on its website:

> "Food poverty means that an individual or household isn't able to obtain healthy, nutritious food, or can't access the food they would like to eat."

With so wide and all-embracing a definition, it could be argued that millions of people, including many quite high up the income scale, are living in food poverty. Having said that, there are people on limited and fixed incomes for whom paying the bills is a great struggle, but I do not accept the patronising view that they are somehow more likely to suffer from obesity because they can afford to eat only certain types of food. As we have heard this afternoon, processed and sugary foods are often much more expensive than fresh foods. I accept that food, as a variable item of expenditure, is always likely to come under pressure when there are other demands on the household budget. The question is what we can do to help those struggling to make ends meet.

I want to make two main points. First, we need to tackle the European Union's common agricultural policy. It must be reformed. In a limited debate of this nature there is no time to do any more than flag up that disastrous policy. Few other sectors are controlled quite so overwhelmingly from Brussels as agriculture. Despite the Labour party signing away the UK rebate, supposedly in return for substantial reform, the CAP remains a complex system of subsidies and incentives that I believe distort the operation of the free market.

Glyn Davies (Montgomeryshire) (Con): I am interested in my hon. Friend's point about the impact of the CAP. Does he agree that the biggest impact is caused by completely unnecessary regulation on farming? I happen to be a livestock farmer, and the costs of some requirements, such as electronic tagging, have to be transferred and are a serious contributor to the cost of food.

Mr Nuttall: My hon. Friend makes an excellent point. I submit that the impact of EU regulation is of far greater concern to farmers than their relationship with

our nation's supermarkets. Despite all the tinkering with the CAP, it still takes up more than 40% of the entire EU budget. British consumers would be far better off if we were free from the tentacles of the European Union and its CAP altogether.

Secondly, I do not think that we should interfere with the operation of our retailers. The fierce competition between high street food retailers has led to the sustained availability of a huge choice of foods that previous generations could only have dreamt of. As Asda battles Tesco, which competes with Sainsbury's, which fights with Morrisons, which battles with Waitrose, Lidl, Booths, Aldi and Marks & Spencer, all competing with each other and with smaller chains and independents, there is surely no doubt that all this competition has served to drive down prices for the benefit of all consumers.

Julian Sturdy: Is it not true that driving down some of those costs has been detrimental to dairy farmers? Milk prices have fallen, and the fact that supermarkets sell milk as a loss leader is having a real impact on local dairy farmers.

Mr Nuttall: Dairy farmers can band together and form co-operatives in order to strengthen their negotiating position, as they have done. The market solution to the problem is to have higher prices. I am conscious of the fact that many Members wish to contribute to the debate, so will leave my remarks there.

6.26 pm

Nic Dakin (Scunthorpe) (Lab): Thank you, Mr Deputy Speaker, for calling me to speak in the debate, and I apologise for not being here at the start—I was serving on a Statutory Instrument Committee.

I am afraid that the Government are yet again out of touch, in this case with families feeling the squeeze of higher food prices. At 4%, food inflation in the UK outstrips that of all other EU countries. I am pleased to follow the hon. Member for Bury North (Mr Nuttall), because of his interest in Europe, and to be able to give that context.

As my hon. Friends the Members for Liverpool, Wavertree (Luciana Berger) and for Bristol East (Kerry McCarthy) powerfully and graphically spelt out, food poverty is a growing concern. The cost of living crisis is affecting households across the country and more families are relying on food banks. I pay tribute to the food bank in my constituency, organised by Scunthorpe Baptist Church, which does a fantastic job in helping people to meet their crisis needs, particularly when there is a dislocation in their benefit payments. As has been said throughout the debate, although we recognise the great benefits that food banks bring to society, it is a great shame and a great condemnation of where we are that people in such a rich country have to rely on them.

I am afraid that the Government are making it harder for families to make ends meet and overseeing a massive growth in handouts from food banks as families struggle with rising costs, higher bills and job insecurity. Rising food poverty is a national scandal. Last year 60,000 people relied on food handouts, including 20,000 children, and one new food bank opened every week. A family with two small children now has to pay over £233 a year more for food due to rising prices.

My hon. Friend the Member for Llanelli (Nia Griffith) drew attention to the health risks of families eating less fresh fruit and vegetables, and I was pleased to hear the hon. Member for Congleton (Fiona Bruce) speak about the contribution that people growing their own food on allotments can make. I am pleased that in my constituency there are initiatives across many primary schools whereby fruit and vegetables are grown to make children and families aware of the benefit of eating them. Indeed, Leys Farm junior school not only has such an initiative, but the produce is served in the school kitchen. There is much good practice out there that we need to build on.

Consumers want transparent food pricing by major retailers so that it is easy to compare goods and to make informed choices, and that is why unit pricing is so important. I am concerned, however, about the need to crack on with introducing the grocery code adjudicator; there is a strong cross-party consensus for putting that role in place.

I have asked several written questions on the matter and, in particular, on the issue of confidentiality in order to protect people who make complaints to the adjudicator, and the responses that I have received have all been in a similar vein: "Protecting the confidentiality of suppliers who raise complaints will be both a power and a duty of the adjudicator." But the question is how that is done, and the key issue is how it is managed.

The security surrounding confidentiality is important. I had a meeting today with representatives of a packaging federation, and they made it clear that their members would be concerned about making individual complaints to the adjudicator, and that third-party complaints would need to be part of the structure. The hon. Member for St Ives (Andrew George) said that people in the supply chain often operate in a climate of fear, so it is important that the decisions of this House, in pushing forward the role of the grocery adjudicator, ensure that that climate no longer exists and is properly addressed.

The National Farmers Union in my constituency and throughout the country is very much concerned to ensure that there is a third-party complaints process. Alex Godfrey, who represents the NFU in Scunthorpe, has made that very clear to me, echoing the evidence that was given to the Environment, Food and Rural Affairs Committee.

I hope that this debate helps to hasten putting in place the grocery code adjudicator in a way that gains the confidence of not only the people in this Chamber, but the people out there and, most importantly, the people who might want to use the adjudicator to ensure fair play in the world.

Mr Deputy Speaker (Mr Nigel Evans): I am grateful to the previous two speakers, Nic Dakin and David Nuttall, for not using their full allocation of time, as it allows at least two more speakers to get in.

6.31 pm

Neil Parish (Tiverton and Honiton) (Con): It gives me great pleasure to speak in this debate, as there is no doubt about the conclusion that we should make—that there is a link between food prices and food poverty. It is apparent that the poorest in society will find high prices difficult, and we only have to look throughout the world to find that. As the population of the world

[Neil Parish]

reaches 7 billion, and moves towards 8 billion by 2030, we have a greater need to produce more food, and that is where I charge the previous Government, because for much of their final period in office they did not encourage food production. In fact they said, "We can import as much food as we like"; our home production did not matter.

We therefore need greatly to increase our food production in this country, and as other Members have said, we need to use biotechnology in order to do so and to reduce our use of fertilisers and pesticides. A blight-resistant potato is coming, and it could increase food production while dramatically reducing the environmental consequences of spraying potatoes, so there is much we can do, but we have to go forward and do it.

On the grocery code adjudicator, my hon. Friend the Member for Shipley (Philip Davies), who is no longer in his place, missed the point. If these wonderful supermarkets are not doing anything wrong, they have nothing to fear from the adjudicator. The point of setting up the post of adjudicator is to put him or her in place so that, if there is abuse, it can be looked at. My right hon. Friend the Secretary of State wants the role of the adjudicator introduced quickly, so we need to give the legislation parliamentary time. Farmers, growers and many other people in the food chain are often squeezed not only by the big supermarkets but by the big buyers in the chains, and that is why the adjudicator is so necessary.

I therefore very much welcome the debate and what the Government are doing to increase food production and ensure that common agricultural policy reform does not set aside more land and stop food production. There is a moral obligation to produce food not only for this country, but for the rest of the world.

Mr Deputy Speaker (Mr Nigel Evans): Thank you for your time constraint.

6.34 pm

Dr Sarah Wollaston (Totnes) (Con): In the brief time that I have to speak, I shall make three points: first, about the link between food poverty and obesity; secondly, about the impact of loss leaders; and thirdly, about the role of local food production.

Data from the health and social care information centre show that one third of children are now obese, but the link between deprivation and the risk of obesity is stark. We see it in reception class, but it becomes even starker as children move through to year 6, where currently 23.6% of the poorest children, but only 12.8% of the wealthiest, are obese. The reason is the difficulty not just with buying food, but with the types of food that are the cheapest, and with people's choices being driven by supermarkets and with the operation of loss leaders.

I would not call on the adjudicator to issue an outright ban on loss leaders, because previous inquiries have shown that such action does not reduce the cost of food overall, but there needs to be much greater clarity about the cross-subsidies that loss leaders introduce, because subsidising products such as alcohol, chocolate and crisps increases the cost of much healthier foods. We need to address that issue, because one of the Labour Government's greatest failures, as identified by the King's Fund, was in making progress on health inequalities, which we cannot address without tackling issues such as alcohol and nutrition. That is an important point, because obesity affects children's life chances and costs the rest of us. We know that, unless we address obesity, by 2050 it will cost the country about £10 billion a year, so the adjudicator represents good value for money.

In addition to addressing loss leaders and ensuring that people have access to good-quality food, Ministers should also consider the role of local food production. I pay tribute to Transition Town Totnes and the Campaign to Protect Rural England for clearly setting out how supporting good, local, sustainable food webs and delivering good, fresh, seasonal produce does not necessarily result in higher prices, and for showing that we can use measures to encourage the right choice to be the healthy choice.

6.37 pm

Huw Irranca-Davies (Ogmore) (Lab): This has been a very good and wide-ranging debate, and all in all I think that we have had 12 speakers, if my maths is good—although maths is not my strong point.

The hon. Member for Thirsk and Malton (Miss McIntosh) spoke eloquently on behalf of farmers, and pressed the Government on farmers' genuine concerns about currency and exchange rates and rising costs. She spoke also of, in her phrase, "the climate of fear" in the supply chain, and we recognise that. She pushed the Government, as she has in her role as Chair of the excellent Environment, Food and Rural Affairs Committee, to give real teeth and power to the adjudicator. She also almost referred to "good" and "bad" retailers, so I look forward to her contribution to the Labour left review or to *Progress* magazine.

The hon. Member for South Thanet (Laura Sandys) also spoke well, and said that the era of cheap food is coming to an end. Perhaps it is, but if so I am sure we all agree that we need the fairest prices for consumers and fairness throughout the food chain. She mentioned her involvement with, if this is correct, "Tasty but ugly like you." I do not mean you, Mr Deputy Speaker, of course. I hesitate to lay the words "tasty" or "ugly" on you—*[Interruption.]* No, I will stop there.

The hon. Member for Congleton (Fiona Bruce), who represents a lovely part of the world which I know well, made a very good contribution that could have been called, "The Plot Thickens". She talked about the importance of grow your own, and I too stress the role of allotments—given that the chair of the National Society of Allotment and Leisure Gardeners, a very good gardener, lives in my constituency—and the need to protect and enhance them. The hon. Lady talked of giant leeks, which we see also at Wales rugby matches, and she advocated growing produce in one's garden or in one's neighbour's garden—although in the latter case it is always best to ask permission.

The hon. Member for Bury North (Mr Nuttall) said that there was no mention of "food poverty" in the motion. There is: it is in the title. The hon. Member for Tiverton and Honiton (Neil Parish) recognised the real problem of food poverty, on which I congratulate him, and he took issue with his hon. Friend the Member for Shipley (Philip Davies) about the nature and purpose of the adjudicator, on which we agree. There was also a thoughtful contribution from the hon. Member for Totnes (Dr Wollaston).

The hon. Member for St Ives (Andrew George) made a good contribution. He welcomed much of our motion and many of our remarks. I can clarify that we want the adjudicator in the next parliamentary Session. Will he support us? He should not let a drafting error get in the way of our emerging coalition on this matter.

My hon. Friend the Member for Stoke-on-Trent South (Robert Flello) spoke extremely well for his constituents, describing a "heat or eat" scenario—or, worse, neither heat nor eat. He went into detail on food banks and mentioned clearly that they did not exist in great numbers under Labour because there was not the need for them on the scale at which they are now emerging.

My hon. Friend the Member for North West Durham (Pat Glass) spoke powerfully for farmers in her area and the early introduction of a powerful groceries code adjudicator in the next parliamentary Session. We agree. "Fairness across the food chain"—her phrase—is a good rallying cry. My hon. Friend the Member for Llanelli (Nia Griffith) paid tribute to the work of our hon. Friend the Member for Ynys Môn (Albert Owen) on the groceries code adjudicator and called for an urgent introduction of an adjudicator with clout. She said, stirringly, that it is a disgrace that anyone should have to rely on charity to feed their family.

My hon. Friend the Member for Bristol East (Kerry McCarthy) focused expertly on food poverty, the growth in the number of food banks in Bristol and the work being done to mitigate the problem of food poverty. My hon. Friend the Member for Liverpool, Wavertree (Luciana Berger) described the national scandal of rising food poverty, coupled with the rise in broad poverty issues throughout the UK. She gave direct evidence of the human tragedy for her own constituents, not least because of the late payment of benefits, something echoed by my hon. Friend the Member for Scunthorpe (Nic Dakin).

The Secretary of State talked widely about global issues, but did not focus on the particulars of food poverty and food banks. Labour Members picked up on astonishing complacency. She described food banks as a triumph for the big society, rather than a tragedy caused by the Government's social and economic policy. How many more food banks do we need before we can proclaim the big society a resounding success?

Mrs Spelman: When the hon. Gentleman checks *Hansard* tomorrow, he will see that I did not use the word "triumph". Opposition Members have failed to observe that, for many decades, many institutions in this country have helped the poor and needy. If he has never been to a harvest festival and understood that churches collect food to distribute among those in their community who really need it, he is not alert to how much that is part of British culture.

Huw Irranca-Davies: Charitable effort has indeed always been part of this country, before the phrase "big society" was invented, but never with the proliferation that we currently see. It is a tragedy.

Let me relate a direct story about one not unusual family of four in England today. One parent is out of work and the other is in a low-paid job. Before Christmas, they found themselves behind on their mortgage, with their council tax debt racking up and the gas and electricity meters running out of money. They receive working tax credit and child tax credit, both of which will soon be cut by the Government. Their home is increasingly cold and dark and the only things in their cupboards are food parcels from the local food bank. The right hon. Lady shakes her head, but they buy what fresh food they can when they can, but without the support and kindness of local people, they would simply go hungry. We would love that to be fiction, but such are now the facts of life for too many families.

Into that harsh reality stumbles a throwback to the 1980s—a former Conservative Minister who was then the hon. Member for South Derbyshire. When confronted recently with that dire social and economic regression, she boldly answered:

> "Are you telling me people in this country are going hungry? Seriously? Seriously?"

Yes, seriously—former Conservative Ministers might not want to believe it, but it is a searing indictment of the Government that more and more people across England, Wales, Scotland and Northern Ireland find themselves relying on food banks, one of which was opening every week last year. Those people depend on the generosity of others to get by.

Last year, 60,000 people received help from a food bank, a figure that the Trussell Trust predicts will rise to 130,000 in the next year. For all those impoverished families who now need a voice in the Chamber, the words and sentiment of the former Member for Ebbw Vale echo down the years: this is their truth, our truth—tell me yours. What is true across the UK is true in my constituency and neighbouring constituencies. From Llanharan to Gilfach Goch, and Maesteg to Pontycymmer, and all points between, food banks proliferate.

We should pay tribute to the many volunteers and organisations involved, such as the Bridgend food bank and the Pontyclun food bank, but the issue is a terrible indictment of the economic misery inflicted on families under this failing coalition Government. I challenge the Minister and the Government to dispute that stark reality. The Government's failing policies and inaction on the economy mean that families are finding it hard to make ends meet and struggling to cope with rising living costs, higher energy, housing and food bills, and the constant fear that they could lose their jobs—if they have them—at any time.

For too many, eating is losing out to heating and housing costs. Charities warn that having a job is now no protection; an estimated 10% of food bank recipients are middle earners whose salaries have been cut or frozen or who have recently lost their jobs. Food prices rose by more than 4% last year. Lower-income families are eating less fresh fruit and vegetables. They spend more than 15% of their income on food. In real terms, it comes down to a couple with two young children spending an extra £233 on their annual food bill.

When surveyed by Which? in the last year, more than half of consumers said that increasing prices made it difficult to eat healthily. Nearly 90% genuinely fear the increasing cost of food. Those are startling figures. However, when people need help, the Government seem torn between prevarication and paralysis when it comes to taking action that will go some way towards easing the pressure on people's wallets—not least by assisting farmers and manufacturers of the food we eat with the retail and financial challenges that they face.

When in government, Labour took action after the hike in food prices in 2008 to address that challenge and to produce more food sustainably. In 2010, we published

[Huw Irranca-Davies]

the first Government food strategy for 60 years and our priority was a sustainable, affordable competitive food sector. We gained cross-party support for the supermarket ombudsman—to ensure a fair deal for farmers and food producers, who still need a fair deal from major retailers—and for the implementation of the groceries supply code of practice in February 2010.

Yes, there was more to be done, but the creation of an ombudsman—the groceries adjudicator—to enforce and monitor the code of practice was a recommendation of the Competition Commission and is supported by the Environment, Food and Rural Affairs and Business, Innovation and Skills Committees. It would do a great deal for farmers, food manufacturers and the public. It was not just us asking for it.

Andrew George: I have to put the hon. Gentleman right. The Competition Commission was empowered and used its power to introduce the groceries supply code of practice; it was not the last Labour Government. Will he retract that claim?

Huw Irranca-Davies: I am happy to say that the code is in place, and that happened while the Labour party was in government. I agreed with the hon. Gentleman when he said last September:

"Every week the government fails to act, farmers are finding themselves in more difficulty."

So let us get on with it.

We do not want bluff and bluster; we do need action. As my hon. Friend the Member for Wakefield (Mary Creagh) said, we ignore the perfect storm of rising prices, falling incomes and food poverty at our peril. I urge the House to support the motion.

6.48 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon): I compliment my hon. Friend the Member for St Ives (Andrew George), who bowled the hon. Member for Ogmore (Huw Irranca-Davies) and hit the middle stump, showing the paucity of the motion. I offer advice to the hon. Gentleman and his colleagues—they simply cannot support the wording in the motion. It is a sign of desperation to pray in aid somebody who has not been in the House for 15 years when referring to Conservative or any other policy.

It is clear from this afternoon's debate that Members on both sides of the House take seriously the challenges posed by food price inflation. It is also clear that down the years Governments of different complexions have seen varying degrees of price volatility. Of course I agree with hon. Members on both sides that wonderful work is done by charities and other organisations to support people on low incomes. That has always been the case. But please can we not pretend that in some parallel universe those charities were all forced into action on 6 May 2010 and that their existence is totally the result of the coalition Government? That is such a puerile and facile argument. Let us have a mature debate. I hope to add some thoughts in the few moments that I have.

Some Opposition Members have sought to ascribe the responsibility for high prices to the coalition. Clearly, that is undermined by the fact that food prices were rising at a faster rate under the previous Government. Likewise, we know that food price inflation was outstripping general inflation at one point last year, only for the situation to be reversed later in the year. The dynamics of where food prices stand at a particular point in time are of secondary importance to hard-pressed families who are balancing their budgets. Those families want to know what action is being taken to help, not just by Government, but by a range of organisations that have a distinguished track record in this regard.

We have heard of some excellent initiatives in the area of food provision and redistribution. We know about Healthy Start, which is a Government initiative. We have heard about FareShare, which provided 8.6 million meals in the last financial year. Many hon. Members have spoken about food banks, which are organisations set up by wonderful, community-minded people with real compassion. We applaud their activities. However, I say to Opposition Members, in particular the hon. Members for Liverpool, Wavertree (Luciana Berger) and for Bristol East (Kerry McCarthy), that it is ridiculous to say that the rise in the need for food banks is attributable to this Government. This Government spend £122 million a day just to pay the interest on the debt that their Government left us. That is what we have to spend before we even pay off the debt.

Luciana Berger: Will the Minister give way?

Richard Benyon: No, I will not give way.

The motion is almost entirely consumed with statements about the introduction of the groceries code adjudicator. We agree on the importance of introducing an adjudicator. That is why we have published a draft Bill and are getting on with putting it in place. What is rather more puzzling is the position of the Opposition, who wasted 13 years without introducing the adjudicator, even though they knew that power was shifting from the suppliers to the retailers and had received evidence on that. Despite that, they criticise this Government for not having completed the process in 18 months.

The motion refers to "delays". The only element of delay is in the motion itself, which demands that the adjudicator be introduced in the next Parliament. The hon. Member for Ogmore explained that that was a drafting error. In that case, he must tell Members not to support the motion. Any Member who supports it is showing a paucity of ambition, because it means that they want the adjudicator to be introduced early in the next Parliament. The hon. Gentleman will have to withdraw the motion. That is the only thing to do. The hon. Member for Wakefield (Mary Creagh) might want to wait until after the next general election to introduce the adjudicator, but the coalition has no such intention. We will carry on with the work in hand and bring it in during this Parliament.

Aside from the rather narrow focus on the adjudicator, there has been a series of interesting and useful contributions on the work that can be done to mitigate food prices. I pay great tribute to my hon. Friend the Member for South Thanet (Laura Sandys) and wish her social enterprise well. It sounds like an interesting idea. I pay tribute to my hon. Friend the Member for Thirsk and Malton (Miss McIntosh), who made some interesting comments about the social impact of the threat of high food prices. I confirm for her that the groceries code adjudicator

will consider anonymous submissions. She talked in particular about the fruit and vegetable sector. Those suppliers can approach the groceries code adjudicator anonymously.

The hon. Member for Llanelli (Nia Griffith) asked when the groceries code adjudicator would be introduced. I hope that we have answered her question. The draft Bill is available. I cannot second guess what will be in the Queen's Speech. I would be in trouble if I did.

My hon. Friend the Member for Congleton (Fiona Bruce) spoke about local and home-grown food. I pay tribute to what is happening in her constituency. My hon. Friend the Member for St Ives was absolutely on target. He sought, as I do, cross-party consensus because on these issues this House sometimes produces more heat than light. If we look at the matter in detail, we see that there is a lot more that we agree on than separates us.

The Government are hugely supportive of food banks and other organisations that work to open up access to food. The coalition Government have been clear from the outset about the importance that they attach to third sector and civic activity. The success of many organisations in this area demonstrates why we are right to work hand in glove with them in delivering social solutions.

This debate has demonstrated the extent to which food price inflation is shaped by an intricate matrix of interrelated global circumstances. To stand here and pretend that the Government can step in and bring down food prices at a stroke would be disingenuous. The Government can put measures in place to ameliorate the worst effects of food price inflation, which we are doing through measures such as our continued support for Healthy Start and other schemes. One of the biggest determinants of food prices is global and domestic supply, and this Department has put farming and food production at the heart of its business plan. Whether it is in stripping away the needless bureaucracy that has swamped farmers, developing a strategy for balancing the needs of greater food production with protecting our environment, or helping to fund innovation and increased competitiveness, this Government are highly attuned to the need to increase high-quality food production domestically.

My right hon. Friend the Secretary of State is personally driving a great deal of work with other countries to help to meet the food supply challenges set out in the Foresight report. We are investing time and energy to ensure that we are working hand in glove with others on that important challenge. Understandably, the effects of that will take time to be felt.

The fact is that there is no silver bullet. The Opposition should know better than to pretend that the adjudicator will be the cure-all for hard-pressed families. What families need now is for the Government to deliver real help right now to get living costs down to a manageable level. To that end, the Opposition should support freezing the council tax, cutting fuel duty, cutting income tax for 25 million people, extending free child care, increasing the child tax credit, taking action on energy prices and many other measures. They were strangely silent on those measures throughout the debate. That is the programme that the coalition Government will continue to deliver in parallel with our work to increase food security and keep food prices down.

I believe that the House is united in its concern for those who struggle to manage their food bills. That is as it should be. However, this debate has laid bare the absence of any ideas from the Opposition. That is in marked contrast to the practical steps that the coalition is taking to help hard-pressed families up and down the country. On that basis, the motion should be rejected.

Question put,

The House divided: Ayes 223, Noes 293.

Division No. 435] **[6.58 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Burden, Richard
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan

Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr Khalid
Malhotra, Seema
Marsden, Mr Gordon
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Mr Jim
Murray, Ian
Nandy, Lisa
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Yvonne Fovargue and Nic Dakin

NOES

Adams, Nigel
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Steve
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackwood, Nicola
Blunt, Mr Crispin
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Byles, Dan
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen

Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Mordaunt, Penny
Morris, Anne Marie
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Penning, Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr David
Russell, Sir Bob
Sanders, Mr Adrian
Scott, Mr Lee
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Syms, Mr Robert
Tapsell, rh Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Robin
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Wharton, James
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Stephen
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Greg Hands and
Mark Hunter

Question accordingly negatived.

Youth Unemployment and Bank Bonuses

Mr Deputy Speaker (Mr Nigel Evans): Before I call the first speaker, may I say to both Front Benchers that a large number of Back Benchers have signified that they wish to take part in the debate? I ask them for some time constraint in their opening speeches to allow as many Back Benchers as possible an opportunity to speak.

7.13 pm

Rachel Reeves (Leeds West) (Lab): I beg to move,

That this House notes with concern that unemployment has risen to its highest level for 17 years, youth unemployment has now reached a record level of 1.04 million and the number of young people claiming jobseeker's allowance for over six months has more than doubled since January 2011; believes that cutting spending and raising taxes too far and too fast has choked off the recovery and pushed up unemployment and that it was a mistake for the Government to abolish the Future Jobs Fund; recognises that rising unemployment and the Government's failing welfare to work programmes are leading to a higher benefits bill, which is contributing to the £158 billion of additional borrowing announced in the Autumn Statement; further notes reports that multi-million pound bank bonuses are set to be paid out this year, even in banks where the share price has almost halved; and in view of the most recent figures on unemployment, calls on the Government to take urgent action to kickstart the economy to promote jobs and growth and to reconsider its refusal to introduce a tax on bankers' bonuses this year, in addition to the permanent bank levy, to fund 100,000 jobs for young people.

We have called the debate to raise the alarm on a crisis that is now on the verge of becoming a national disgrace—the disgrace of a few getting rewarded for failure while many more pay the heavy cost of the failure of the Government's economic policies. However, the motion is not just a critique. It is also a call for action, a reminder to the Government that, despite the damage that has already been done, they still have a choice. There is an alternative—Labour's five-point plan for jobs and growth could get people back into work, get our economy moving and get the deficit down in a balanced and sustainable way.

Every hon. Member who is present will have met victims of the unemployment crisis in their own constituency. They are families devastated by the arrival of the dreaded redundancy letter and afraid of what the future will bring, and parents determined to do the right thing and provide for their children but unable to make ends meet.

Matthew Hancock (West Suffolk) (Con): The hon. Lady mentions unemployment in Members' constituencies. Does she recognise that, based on the claimant count, unemployment in Leeds West has fallen by 106 since the election? Which of the Government's policies would she recommend as being to blame for that?

Rachel Reeves: Youth unemployment in my constituency, like in most of our constituencies, is rising fast, whereas it was falling at the time of the last election.

Nadhim Zahawi (Stratford-on-Avon) (Con): May I share with the hon. Lady the figures for her own constituency? Youth unemployment rose by 625 between 2005 and 2010, which was a 103% rise, yet rose by 25 between 2010 and 2011, which was a 2% rise. Can she explain why it rose so much between 2005 and 2010?

Rachel Reeves: The hon. Gentleman might be aware of the global financial crisis that took place. Between 1997 and the start of the financial crisis, unemployment and youth unemployment were falling in my constituency and nationally, and at the time of the last general election unemployment was falling. Now, it is rising.

Government Members are in denial about what is happening. The reality is that, over the past year, long-term youth unemployment has more than doubled. It is a reality that the Opposition recognise and would do something about, whereas Government Members ignore it.

Toby Perkins (Chesterfield) (Lab): Is it not clear that what we have heard in the first moment or two of this debate is Conservative Members saying, "It's all right, everything's going great"? We have record youth unemployment, and all we hear from Government Members is laughter and complacency.

Rachel Reeves: I think many of our constituents watching this debate will say exactly that. The Government are in denial. Youth unemployment is at a record high, and Government Members say, "There's not a problem. We don't need to do anything about it. Everything is fine." That is not the reality for our constituents.

Mr David Winnick (Walsall North) (Lab): Even if this is a laughing matter for the Government, it certainly is not for us. My constituency has among the highest levels of youth unemployment. It is a tragedy—there is no other way to describe it—when young people are simply unable to find work. I have been in touch with Jobcentre Plus, and there is no doubt about the difficulties and hardships for such young people. Yet for the Government, it is a laughing matter.

Rachel Reeves: My hon. Friend speaks for the many families and young people in all our constituencies who are experiencing a crisis, and I give him credit for recognising their challenges.

Andrea Leadsom (South Northamptonshire) (Con): Does the hon. Lady feel at all positive about the Government's steps to create new apprenticeships for young people to get them into real jobs that will endure?

Rachel Reeves: The reality is that the Office for Budget Responsibility has examined all the Government's plans and predicts that unemployment will continue to rise all the way through this year, and the OECD predicts that it will rise next year as well. That is their verdict on the Government's economic policy.

Several hon. Members *rose—*

Rachel Reeves: I will make a little progress, because we know that many Members want to speak. I will try to give way again later.

Although many of our constituents are very fearful about the future, not everyone is looking to the future with fear and trepidation—not for all the question of how their money will last until the end of the month, or whether they can afford to heat their homes and eat three meals a day. For the past week, we have been hearing stories of banks preparing to pay bonuses to a few hundred senior employees amounting to hundreds of thousands, even millions of pounds in another multi-billion pound bonus season.

The Opposition believe in rewarding hard work and encouraging enterprise that contributes to the prosperity of the economy, but this is about fairness, responsibility and proportion. It is about the difference between rewards for success and rewards for failure.

When millions of families are struggling to find work, businesses are having their loan applications turned down and banks are continuing to rely on taxpayers' hard-earned money for their very survival, the vast majority of people in all our constituencies find the idea of such sums being paid to a small number of individuals unacceptable. People rightly feel that we did not bail out the banking system to perpetuate a business-as-usual model or to pay big bonuses when ordinary workers are losing jobs. Surely we bailed out the banks to protect the businesses and families that depend on banks serving and supporting the wider economy.

Mr John Redwood (Wokingham) (Con): Will the hon. Lady explain why Labour Ministers accepted and approved such grotesque contracts for RBS, so that they now personify payment for failure?

Rachel Reeves: We introduced a bank bonus tax to get some money back from the banks. The Government refused to go ahead with it and, instead, gave the banks a tax cut this year. That is not acceptable, and that is what the motion is about.

While banks seemingly return to the business-as-usual model, aided and abetted by the current Government, last week the Office for National Statistics published another set of dreadful unemployment numbers. Total unemployment is now at its highest since the summer of 1994. Women's unemployment is the highest it has been since autumn 1987. Youth unemployment is now the highest since comparable records began. The number of young people claiming jobseeker's allowance for six months or more has doubled in just 12 months.

Those figures on their own are shocking enough and should be sufficient to end all debate and drive the Chief Secretary and the Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling), to urgent action. However, most worrying is the fact that, on every measure, and according to every forecast and to the Government's Office for Budget Responsibility, unemployment is set not to fall, but to get worse.

The Office for Budget Responsibility's projection, alongside last year's autumn statement, showed unemployment rising to 2.8 million this year. The OECD expects unemployment to rise to 9% in 2013. If unemployment continues to rise at the rate that it has done in the past six months, it will reach 3 million this summer. The economy may well be headed back to recession—we will hear the grim reality on Wednesday.

However, it is clear that, although the situation is now perilously close to tipping point, and the Government's failures are mounting, they could still take action. Yet since taking office in 2010, the backfiring of their attempts to cut too far and too fast has added a shocking £158 billion in extra borrowing.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Does my hon. Friend agree that the growing trend of extended unemployment—more than six months—for young people creates the real worry that we will have a lost generation unless the Government act?

Rachel Reeves: My hon. Friend is right that long-term youth unemployment has a scarring effect, which affects more and more people throughout the country. It is similar to the situation in the early 1980s and early 1990s—the last two times a Conservative Government presided over a recession.

With more people out of work and fewer businesses succeeding, the Government end up paying out more in benefits and getting less in through taxes. They are filling that gap with the £158 billion more borrowing. The inheritance that that leaves for the next Government will mean more tough decisions about taxation and spending—the unnecessary and avoidable cost of the Government's failure.

Mrs Madeleine Moon (Bridgend) (Lab): Unemployment among all 16 to 24-year-olds on jobseeker's allowance in the Bridgend constituency is 8.8%. Would one way forward be to grant a one-year national insurance holiday, so that small businesses could take on young people, give them employment and the opportunity to experience work?

Rachel Reeves: My hon. Friend is exactly right. That is why, as part of Labour's five-point plan for jobs and growth, we include a national insurance holiday for all small businesses taking on new workers—a policy that would help small businesses and the more than 1 million young people who are desperately searching for work.

Elizabeth Truss (South West Norfolk) (Con): Does the hon. Lady accept responsibility for the failure to skill up our young people to take on jobs? For example, after the Labour party's 13 years in office, we had the smallest proportion of 16 to 18-year-olds studying maths of any OECD country.

Rachel Reeves: People are not getting jobs at the moment not because they do not have skills but because the jobs are not available. In all our constituencies, five or 10 people are chasing every job. That is why unemployment is rising. Until the Government take responsibility for that, the numbers will get worse, not better.

The price that families struggling with the consequences of redundancy and young people forced to abandon their career plans pay is incalculable. We cannot go on like that. Maybe some hon. Members—we have already heard from many of them—greet the prospect of rising unemployment with a degree of fatalism, perhaps resignation. They may feel that the punishment being inflicted on innocent families and young people is the sad but inevitable consequence of austerity and economic adjustment. Indeed, as I said earlier, there is a grim familiarity about the figures, which bear a depressing resemblance to the record of previous Conservative Governments.

Mr Graham Stuart (Beverley and Holderness) (Con): The hon. Lady talks about a grim familiarity. Does she acknowledge that every Labour Government in history ended with higher unemployment than they started with? After a 40% rise in youth unemployment under the previous Government, some humility is required on both sides of the House, but not least on hers.

Rachel Reeves: Unemployment has reached 3 million twice, both times under Conservative Governments. At the last election, unemployment was falling; today, it is rising.

Mr Stuart: That is because we are clearing up your mess.

Rachel Reeves: In the 1980s and early 1990s, unemployment reached 3 million. Was that because Conservative Governments were clearing up a Labour mess? Really? I think it was because of the policies that Conservative Governments always pursue—policies that hurt young people and put more people out of work. That is the reality of Conservative Governments.

Labour Members are not complacent. We do not say that it is inevitable, that it has got to happen and that 3 million unemployed is a price worth paying. Labour Members are not prepared to give up on young people and we urge the Government not to give up on them, either.

In the coalition agreement, the Government said that a fundamental goal would be to

"sustain the recovery and to protect jobs."

Before the election, the Prime Minister told voters that jobs would be his top priority. He said:

"I understand if you leave people unemployed, and short term unemployment becomes long term, then it becomes a lifetime of unemployment. It's a waste of life. I must stop it happening."

He was right then, but he does nothing now. The Deputy Prime Minister said earlier this month that

"supporting people into work is my priority for 2012".

He is right, yet he does nothing.

We must—and we will—hold the Government to their promises because we cannot allow the next generation to be denied the chance of expanded opportunities that has always been the promise of Britain.

Margot James (Stourbridge) (Con): Will the hon. Lady acknowledge that long-term youth unemployment is falling—and, indeed, has fallen by 5%? Will she also acknowledge that half a million new jobs have been created in the private sector in the past year? Currently, there are 90,000 vacancies in retail, 44,000 in hospitality and 11,000 in construction. What matters is that the Government, through the Work programme and so many other interventions, are maximising the skills and training for young people to get them into work.

Rachel Reeves: In the hon. Lady's constituency, long-term youth unemployment has gone up by 25% in the past few months. I do not know what she says to her constituents—"There's loads of jobs out there. Just go and get one"? More people are chasing jobs than there are jobs available. That is because the Government are pushing more and more people out of work. I am sorry that the hon. Lady does not know the numbers for her constituency, but we know.

Charlie Elphicke (Dover) (Con): The hon. Lady talked about the scarring effect of the fast-buck culture. Will she condemn the right hon. Member for South Shields (David Miliband) for taking a consultancy with private equity?

Rachel Reeves: I will not condemn my right hon. Friend for taking a job. I am talking about the reality of the challenge that people in our constituencies face. More and more people are out of work. We should listen to them. They are saying that they are getting degrees, A-levels and vocational qualifications but that they cannot find work. As I have said, many would be shocked that many MPs say, "That's just inevitable—it's just what happens, and nothing can be done about it." That is not acceptable. Our constituents see unemployment rising. The House should be taking action to address that challenge.

Sheila Gilmore (Edinburgh East) (Lab): I would have intervened earlier, but I was trying to work out the arithmetic of Government Members. We are constantly told that 500,000 jobs were created last year, but we have been told about them for the past 20 months. Does my hon. Friend agree that Government Members cannot constantly refer to those same jobs, which were largely the result of the stimulus applied by the previous Labour Government?

Rachel Reeves: I agree with my hon. Friend. We have to look only at the forecasts from, for example, the independent OBR, which says that unemployment will continue to rise this year, or at the OECD numbers, which say that unemployment will continue to rise into 2013. That is the reality.

I am sure we will hear the Chief Secretary to the Treasury and others defend the Government's inaction and talk about their various half-baked and half-hearted solutions. We look forward to hearing a report on the progress of those initiatives, and in particular what difference the Government expect them to make to future unemployment. As I have said, the OBR has said that there is no reason for it to revise its unemployment projections as a result of the Government's measures.

The Government's response is inadequate for the scale of the challenge. When the Prime Minister was challenged last week on his performance on unemployment, all he could do was admit with regret that youth unemployment is a problem. However, the Opposition are asking the Government not simply to acknowledge they have a problem—we all know that—but to do something about it. The Prime Minister says he takes responsibility for everything that happens in our economy, but taking responsibility means taking action.

Claire Perry (Devizes) (Con): Unemployment in my constituency is creeping upwards and long-term unemployment is coming down, but in both my constituency and the hon. Lady's constituency apprenticeship starts are increasing at an incredibly rapid rate. Can she and I agree on one thing: that the best way to get young people into work is to get them such opportunities with the private sector, and relentlessly to support them, as this Government are doing?

Rachel Reeves: I expect the hon. Lady's constituents, like mine, regret that the Government cancelled the future jobs fund, which was helping young people back into work. Since that cancellation, long-term youth unemployment in her constituency has gone up not just by a little bit, but by 36%. That is the reality that her constituents face day in, day out.

I hope we will not hear the usual hand-wringing—although I might have to give up that hope—or the usual shoulder-shrugging or blame-shifting. The jobs crisis is not a fact of life or a force of nature, and the Government cannot play the innocent bystander, as they have tried to do. The jobs crisis is a result of the choices they have made. They chose to cut too far and too fast; to abolish employment programmes that were working; and to destroy job opportunities in both public and private sectors.

Mark Pritchard (The Wrekin) (Con): The hon. Lady approaches such matters very thoughtfully indeed, and as a future Labour leader I would expect nothing else of her, much to the shock and horror of the shadow Chancellor.

Does the hon. Lady accept that the economy needs to be rebalanced and that we need more tax producers than tax consumers? Surely we can all agree on that.

Rachel Reeves: I am not sure how the Government will rebalance the economy by throwing more people on the scrapheap. Perhaps the hon. Gentleman and I will just have to disagree, but that does not seem to me to be the way to rebalance the economy and to get it growing again.

Despite the Government's mistakes, they still have choices open to them.

Susan Elan Jones (Clwyd South) (Lab): None of the automated Government Members mentions the VAT tax bombshell, because they must know in their heart of hearts the absolute disgrace of the VAT increase for small companies. Does my hon. Friend agree that when Labour Members speak of a VAT cut for home improvements, we are speaking up for jobs in construction in a way that some Government Members will never understand?

Rachel Reeves: The cut in VAT to 17.5% is part of Labour's five-point plan for jobs and growth. It would put £450 in the pockets of an average family, which is desperately needed to help people who are struggling with the rising cost of living—the rising train, energy and petrol prices.

We have rising unemployment and excessive bank bonuses, but it does not have to be that way. While millions of families up and down the country struggle with the effects of redundancy and millions of young people lose the hope of fulfilling their potential, very little is being asked of those with the broadest shoulders. Despite his pre-election promises to tackle the bonus culture, the Prime Minister will not take the measures recommended by the High Pay Commission to make a difference. Despite the Government's call for more shareholder activism and engagement as a check on excessive remuneration, they wash their hands of the reported decision to award more than £1 million to the chief executive of RBS, in which they are a major shareholder.

Mr James Gray (North Wiltshire) (Con): Will the hon. Lady express some degree of regret, because bank bonuses under this Government are 40% lower than

they were under the previous one? She must tell the House who it was who gave Sir Fred Goodwin his knighthood.

Rachel Reeves: The Leader of the Opposition has said that the knighthood for Fred Goodwin was not warranted, but I do not remember hearing Conservative Members saying that he should not get a knighthood when it was awarded.

Bank bonuses were taxed at 50% in the last year of the Labour Government. That brought in £3.5 billion, which was used to help to support families and to support young people back into work. Unlike Labour, which introduced a tax on bank bonuses, the Government are introducing a tax cut for banks this year. That tax cut is unwarranted and unjustified as unemployment and youth unemployment continue to rise.

The Opposition proposal is simple. While banks are still not doing their job—they are not supporting jobs or growth—the Government must step in to ensure that resources are put to better use. A 50% tax on bank bonuses above £25,000 would, on a cautious estimate, raise enough revenue to support the creation of 100,000 jobs for young people.

We know that such a measure would work because it has worked before. Labour's 2010 bank bonus tax raised £3.5 billion, according the OBR. The future jobs fund, which was created by the previous Labour Government, supported more than 100,000 people back into work. That is a record of which Labour Members are proud. By contrast, the Government have chosen a tax cut for the banks and a belated, half-hearted and ineffective response to rising youth joblessness.

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): My hon. Friend is making an excellent speech on Labour's proposal to create 100,000 jobs for the young from a bankers' bonus tax. The north-east is bucking the national trend in manufacturing, which is in the doldrums in the rest of the nation, but 7,000 private sector jobs were lost in the past three months of 2011, whereas 4,000 public sector jobs were lost. Given that clear disparity, what does my hon. Friend make of the Prime Minister's rhetoric on the creation of private sector jobs?

Rachel Reeves: My hon. Friend speaks passionately about his region of the north-east, and I know he does a huge amount of work for businesses, young people and families in his constituency.

The reality is that northern towns and cities are paying a particularly high price for this Government's policies. In my city of Leeds, the local authority is losing more than 25% of its grant over the next four years. As a result, more people are losing their jobs and fewer services can be provided. It is people in the poorest areas who are paying the highest price for this Government's policies.

Several hon. Members *rose—*

Rachel Reeves: I will give way to the hon. Member for Pudsey (Stuart Andrew), who can perhaps try to justify the cuts in the grant to Leeds city council over the next four years.

Stuart Andrew (Pudsey) (Con): The hon. Lady talks about cuts to Leeds city council, but does she not remember that it was her Government who took away neighbourhood funding, stripping the city council of £118 million and, funnily enough, giving the money to Sedgefield?

Rachel Reeves: In Pudsey, which is my next-door constituency, long-term youth unemployment has increased by more than 20% in the last few months. I am sure that the hon. Gentleman will agree that the cuts that Leeds city council is having to endure over the next few years are out of all proportion to any reduction in the neighbourhood grant under the Labour Government. His constituents and mine are the people paying the price.

I hope that we can show in this debate that the House is in touch with the problems of those who are paying the highest price for the failure of this Government's policies. Hon. Members will know from their own constituencies the heart-breaking stories behind some of the statistics that we have already gone through today, and I am sure that we will hear some of those stories in the debate this evening. Most of all, I hope that this debate will be focused on action—effective and practical measures that can make a difference for the millions at the sharp end of this crisis. The Government have no excuse for inaction. A tax on bank bonuses would be fair and proportionate, and would enable us to address the immediate, pressing and growing challenge of getting young people back into the jobs that are so needed.

7.42 pm

The Chief Secretary to the Treasury (Danny Alexander): I welcome this opportunity to discuss youth unemployment and bank bonuses. Both matters are hugely important as we tackle this country's extremely difficult economic circumstances. The recent youth unemployment figures demonstrate just how significant a challenge we face repairing the damage that the previous Government inflicted on the economy, restoring growth and creating new jobs in the recovery. This coalition Government will not let the young and the vulnerable bear the brunt of these difficult times, nor will we let them bear the consequences of the previous Government's profligacy. Youth unemployment is not a price worth paying.

One thing that the shadow Chief Secretary failed to mention was the record of the Labour Government, who oversaw a 40% rise in youth unemployment.

Meg Hillier *rose—*

Danny Alexander: I will give way to the hon. Lady, and then I will make some progress.

Meg Hillier: What would the right hon. Gentleman say to the young people in my constituency, where there has been a 12.5% increase in youth unemployment among 18 to 24-year-olds from December 2010 to December 2011, on this Government's watch?

Danny Alexander: I would say to them that in very difficult times we are doing everything we can to support them. Let me tell the House what we are already doing.

David Miliband (South Shields) (Lab) *rose—*

Danny Alexander: Hold on. I will give way to the former Foreign Secretary, but let me make just a little progress.

We are already providing more apprenticeship places than any previous Government, with an increase of 400,000 in the last year and a commitment to 1.2 million over the entire spending review period. That is at least 250,000 more than the previous Government's commitment, although the shadow Chief Secretary seems to oppose that increase. As announced in the autumn statement, we are also launching a new £1 billion youth contract to help get young people into work, so that they can learn a trade and get equipped for their future career. Starting this spring, the youth contract will support up to 500,000 young people into education and employment opportunities. The youth contract wage subsidy is targeted at employers in the private sector, creating sustainable private sector jobs for the long term.

Toby Perkins: The Chief Secretary talks about the previous Government's record, but I feel as if I am listening to a broken record, because when we are here to debate a motion about this Government's policies, all we hear is him harking back to the last Government. Will he come up with something constructive about what he is going to do for the millions of people who are unemployed and looking to him for some guidance?

Danny Alexander: I fear that the hon. Gentleman was planning his question so carefully that he did not listen to my remarks about apprenticeships or the youth contract, which is a vast improvement on the wasteful future jobs fund, which offered subsidies almost three times as high as the youth contract and funded too many temporary jobs in the public sector. In fact, almost 50% of participants in that scheme were claiming benefits again within eight months of starting a future jobs fund job.

David Miliband: The right hon. Gentleman quoted the figure of 40% for the rise in youth unemployment under the previous Government. It is correct that youth unemployment started rising in 2004, but the allegation against the current Government is that they have made the situation much worse. In my constituency of South Shields there was a 210% increase in long-term youth unemployment in 2011 alone. That is what he has to answer for. It is not that he invented the problem, but his policies are making it worse.

Danny Alexander: The Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling) will address the statistical changes that the previous Government made. However, the right hon. Gentleman was in government during a boom, yet his Government presided over an increase in youth unemployment. We are facing serious economic challenges in this country, caused in large part by the actions of the previous Government, and we have to take steps to resolve those problems.

The youth contract offers young people the prospect of long-term private sector employment. It is a scheme that has the full backing of the private sector. As John Cridland, director general of the CBI, has said, it strikes at the "scourge of youth unemployment".

Sheila Gilmore: McDonald's, which is apparently getting £10 million a year for training people in the things that it normally trains them in and calls the process apprenticeships, said in *The Sunday Times* yesterday that it had not created a single extra job with that money. What is the Chief Secretary's response to that?

Danny Alexander: I have visited companies around the country, in Scotland and England, that have created a significant number of new jobs and new apprenticeships, providing a significant increase in skills. That is the right way to go about it, and that is what we are trying to do with the increase in apprenticeships. I hope that the hon. Lady will welcome that. It is fair to say that the apprenticeships programme and the youth contract complement our Work programme, which is the biggest payment-by-results employment programme that this country has ever seen. The Work programme will provide personalised support to around 2.4 million people over the next five years, helping those most at risk of long-term unemployment.

Alison Seabeck (Plymouth, Moor View) (Lab): In Plymouth we are dependent on the public sector, and we are also a garrison town. As a result of the Government's defence decisions, we are seeing a lot of young men, in particular, losing their positions in the services and becoming unemployed. Those coming out of the services are relatively highly skilled, putting pressure on the few vacancies that we have in Plymouth and cutting long-term unemployed young people out of the market. We have seen a 96% increase in the number of the long-term unemployed in Plymouth. What will this Government's policies do for those young people? Absolutely nothing in Plymouth.

Danny Alexander: The youth contract, which I have mentioned, along with the Work programme and many other things that we are doing, will help the young people in the hon. Lady's constituency, and I very much sympathise with the position that she has described.

Mary Macleod (Brentford and Isleworth) (Con): Does my right hon. Friend agree that apprenticeships are an important part of the solution, by giving young people the opportunity to build their skills? We have record numbers of apprenticeships; indeed, the number of them in my constituency has doubled.

Danny Alexander: I agree with my hon. Friend: the apprenticeship programme is a vital part of tackling youth unemployment and lifting the skills in our work force. It is a real shame that the Opposition now seem to be opposing the extra investment in apprenticeships that we have made.

Lilian Greenwood (Nottingham South) (Lab) *rose—*

Geraint Davies (Swansea West) (Lab/Co-op) *rose—*

Danny Alexander: I am going to make some progress, and I will give way again shortly.

Across the wider economy we are doing everything we can to foster renewed prosperity, create new jobs across the UK and return the country to sustainable growth. Whether we are talking about regulation, the planning system, reducing corporate taxation, our

investment in infrastructure or the tax cuts that we are delivering for low-income workers, we are putting forward ambitious plans—plans that we need in these difficult times.

Claire Perry *rose—*

Danny Alexander: I will give way in a moment.

We have plans that will help to foster a recovery led by our private sector, by entrepreneurs and by exporters, creating the kind of growth that the Opposition failed to deliver in over a decade in government. We face the monumental task of dealing with their legacy of unsustainable spending and debt-fuelled consumption, which left the coalition the task of dealing with the largest peacetime deficit on record.

John Cryer (Leyton and Wanstead) (Lab) *rose—*

Geraint Davies *rose—*

Danny Alexander: I will give way in a moment.

The Opposition do not seem to realise that tackling that deficit is the vital precondition to sustainable growth. It is only by tackling the deficit that we can provide the certainty, stability and low interest rates that are critical to a recovery. The past 18 months have seen sovereign debt downgrades across the Europe, bail-outs of the weakest Eurozone economies, and countries racing to consolidate at the behest of the bond markets.

Claire Perry: I should like to bring a local business perspective to the debate. I had dinner last week with a group of people representing small businesses in the Wiltshire area, all of whom said that their businesses looked reasonable and they were thinking about hiring. Most importantly, they said that they had benefited enormously from the economic stability that the Government had created. Has my right hon. Friend heard anything from the Opposition that amounts to a coherent economic policy, or are they simply offering a wish list of chops and changes, and opposing for opposition's sake?

Danny Alexander: I have heard nothing coherent from the Opposition, and I have heard nothing from the business community in this country but support for our policies to deal with the deficit and restore this country's economic credibility. The coalition has never shirked its responsibility to take tough and sometimes unpopular decisions to tackle the deficit and pull the country out of the hole that the previous Government dug. Because we did not delay, and because we took action to get ahead of the curve, we can cut the deficit on our own terms and shelter the UK from the debt storm that has engulfed our nearest neighbours.

Rachel Reeves: The right hon. Gentleman says that the Government are tackling the deficit, but will he confirm how much extra borrowing there will be during this Parliament, compared with the prediction when they took office? Is that not a cost of their failed economic policies?

Danny Alexander: I can confirm that according to the latest forecast, there will be significantly increased borrowing compared with the previous one. The hon. Lady should have explained in her opening speech that her policies involve substantial further increases in borrowing, which would destroy this country's economic credibility and the hard-won low interest rates that we have achieved.

As a result of our action, we have record low bond yields that feed through to record low interest rates, which benefit households paying mortgages and businesses refinancing loans right across the country. Whereas our bond yields are just 2.1%, those of Spain have risen to 5.5%, those of Italy remain over 6%, and those of Greece have climbed to a staggering 34%. Even a 1% rise in our market interest rates would force taxpayers to find an extra £21 billion in debt interest payments. A 1% rise in effective mortgage rates would result in an extra £10 billion for mortgage payments.

The Opposition have had 18 months to come to terms with the mess they created, but they still do not get it. It has taken them 18 months to move from the wrong place to all over the place. The Leader of the Opposition called the pay freeze an

"ideological attack on the public sector",

but he now accepts it. The shadow Chief Secretary to the Treasury called the uprating of pensions with the consumer prices index an "ideologically driven move", but it is a move that the Opposition have now accepted for their party's own pension scheme. So let us be clear—financial discipline is not ideological; it is a necessary condition for effective government. In the past 10 days, members of the Labour shadow Cabinet have succeeded in proving that they cannot even convince themselves of the credibility of their economic policy.

Robert Flello (Stoke-on-Trent South) (Lab): Will the right hon. Gentleman explain his idea of economic stability to my constituents? In my constituency the long-term youth unemployment rate has risen by 162% in the past year. Will he explain how his stability will affect the people of Stoke-on-Trent who are losing jobs hand over fist because of his policies?

Danny Alexander: If the hon. Gentleman looks around Europe at the countries that have failed to tackle their deficits, he will see much more serious economic problems—problems of the kind that we would have here if we followed Labour's policies. He should start by apologising for the mess that his party made of the economy.

John Cryer *rose—*

Danny Alexander: I am going to make some progress now.

As the Secretary of State for Business, Innovation and Skills outlined today, we will also take the tough decisions to tackle excessive executive pay. At a time when millions of workers face a pay freeze or worse, and when many businesses are confronting a difficult trading environment, the highest-paid cannot be disconnected from reality. That is why the Secretary of State announced new measures to drive through greater transparency on executive pay, to empower shareholders to deliver responsible pay, and to reform remuneration committees to break the old boys club.

It is for that same reason that the Government are leading efforts, domestically and internationally, to reform our banking sector fundamentally in order to protect

[Danny Alexander]

our competitiveness while safeguarding our stability. We are abolishing the tripartite system of regulation that failed so dramatically in the run-up to the last crisis, and putting the Bank of England in charge of both micro and macro-financial supervision. We are reforming the sector itself, as recommended by the Independent Commission on Banking, to safeguard the UK's position as host to a world-class financial services sector without putting UK taxpayers at risk.

We have implemented a permanent bank levy to ensure that banks make a fair contribution to tackling the deficit, reflecting the risks that they pose to the system while encouraging them to move away from riskier models of funding. As we announced in the autumn statement, we have increased the levy from 1 January this year to ensure that it yields at least £2.5 billion a year, which is more than the amount yielded by the previous Government's one-off tax on bonuses—a tax that

"failed to change the industry's behaviour over pay".

Those are not my words, but those of the previous Chancellor, who was responsible for the policy in the first place.

Through the Financial Services Authority's remuneration code, we have ensured that bonuses are deferred over at least three years, and linked to the performance of the employee and the firm. Through the disclosure regime, we have provided more transparency than ever on pay. And while the previous Government managed to get only four of the top 15 banks to sign up to the code of practice on taxation for banks that was introduced in 2009, we have ensured that all are signed up.

Our expectations of the banking sector are clear: banks should make a full and fair contribution. They must respect the spirit, not just the letter, of the law, and make a commitment not to use artificial schemes to avoid tax. The new Bank of England Financial Policy Committee, established as a result of this Government's reforms, has warned that in these turbulent times it is capital levels, not bonus payments, that have to be the priority. Did the hon. Member for Leyton and Wanstead (John Cryer) want to intervene?

John Cryer: I wanted to intervene while the right hon. Gentleman was speaking earlier.

Danny Alexander: The hon. Gentleman may intervene now if he wishes to.

John Cryer: Going back to the subject of unemployment rates, youth unemployment in my constituency has gone up by 140% since the election. That is what is happening now, not what happened under the previous Government. Will the Chief Secretary to the Treasury deal with the immediate issue and tell us why that is happening? Will he also tell us whether he thinks it is a price worth paying?

Danny Alexander: As I made clear earlier, I do not consider it to be a price worth paying. That is why the Government are doing everything possible, through investment in apprenticeships, in our youth contract and in the Work programme, to ensure that there are opportunities for people.

Seema Malhotra (Feltham and Heston) (Lab/Co-op): Will the right hon. Gentleman tell us how many jobs the Work programme has created?

Danny Alexander: I cannot give the hon. Lady that information—[Hon. Members: "Ah!"] I welcome her to her place and congratulate her on her election. In due course the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling) will provide that information. I can tell her, however, that Work programme providers are making a difference across the country, helping people to come off all sorts of benefits and acquire the necessary skills and support to get back into work.

Toby Perkins *rose—*

Meg Hillier *rose—*

Danny Alexander: I have already given way to the hon. Gentleman and to the hon. Lady, and I want to make some progress.

Katy Clark (North Ayrshire and Arran) (Lab): The right hon. Gentleman will be aware that while the living standards of those on low and medium incomes are going down, the wealth of the super-rich is going up. Will he give an undertaking that he will take action on this issue, and that the gap between rich and poor will be smaller by the next election?

Danny Alexander: The Government have taken on the issue of ensuring that the wealthiest pay a greater share, to ensure that there is fairness in our deficit reduction plans. For example, we have increased capital gains tax and put in place the new bank levy that I have mentioned. We have also maintained the 50p rate of income tax. We are making substantial changes to ensure that the wealthiest pay their fair share.

Alec Shelbrooke (Elmet and Rothwell) (Con): On the point just raised in an intervention, we hear much crowing from Opposition Members, but does my right hon. Friend think that they might persuade their former leader and Prime Minister, Tony Blair, to pay more than £315,000 in tax on a £12 million income?

Danny Alexander: My hon. Friend has made his point, but I do not think that it is for me to comment on the tax affairs of any individual taxpayer.

Meg Hillier: Last week the right hon. Gentleman made a speech in which he talked about co-operatives, and ideas to bring them into the mainstream. When the Government had the choice and opportunity to remutualise Northern Rock, why did they sell it off to a private bank? Surely a mutual would have been fairer to all, particularly to the taxpayer, than a cheap sell-off.

Danny Alexander: I am quite confident that in that case we chose the option that was best for the taxpayer, best for Northern Rock customers and best for the many hard-working people who work for Northern Rock in the north-east of England. I think that was the right decision on all those bases.

Toby Perkins: Will the right hon. Gentleman give way?

Danny Alexander: No, I will not.

I mentioned the Financial Policy Committee of the Bank of England and its comments. That is why the FSA will scrutinise all proposed bonuses to make sure that they are not paid at the expense of rebuilding capital. There has already been some progress, with levels of bonus payment down significantly. Hon. Members should consider how far they have fallen. When the shadow Chancellor was a City Minister in the Treasury, bonus levels were £11.6 billion, whereas last year they were almost half that, at £6.7 billion. We fully expect them to fall further this year.

Lisa Nandy (Wigan) (Lab): May I ask the right hon. Gentleman to consider one more fact before he concludes on this subject? When youth unemployment rose under the previous Government, that was largely due to increases in labour supply, but since his Government took over, the massive increases in youth unemployment have been due to a collapse in labour demand. That is why the Opposition are so desperately asking his Government to change course. If the hon. Gentleman cares about this issue, as he has said that he does, will he confirm today that he will change course and prioritise growth over jobs?

Danny Alexander: I am not sure that one can prioritise growth over jobs—and that is the first explanation I have heard from Opposition Members of the reason why youth unemployment rose during Labour's time in office. I do not know whether that opinion is shared by those on the Front Bench.

As I have made clear, we are prioritising tackling youth unemployment. We do not want to see young people blighted by long-term youth unemployment as they were in the 1980s. That is why the youth contract, our investment in apprenticeships and the Work programme are all necessary to help young people back into work.

Several hon. Members *rose—*

Danny Alexander: I will give way to the hon. Member for Barrow and Furness (John Woodcock), who has not intervened before.

John Woodcock (Barrow and Furness) (Lab/Co-op): The Chief Secretary is being very up-front with the House about the fact that he believes that he is doing everything in his power to tackle youth unemployment—yet according to the Office for Budget Responsibility's own figures, unemployment is scheduled to rise in the coming period. Does he think that that rise is inevitable?

Mr Deputy Speaker (Mr Lindsay Hoyle): I call Douglas Alexander.

Danny Alexander: I do not think that he is on the Government Front Bench any more, Mr Deputy Speaker.

A fair account of the OBR's forecast would also reflect the fact that it says that unemployment will come down to 6.2% by the end of the forecast period. That is a fair reflection of the OBR's forecast. Of course I wish that we had not inherited such desperate economic circumstances from the previous Government, I wish that they had not left us the largest budget deficit in peacetime history, and I wish that we had not inherited a situation in which, as the same OBR report to which the hon. Member for Barrow and Furness refers showed, the damage done to our economy by the bust was even deeper than expected. He should probably reflect on that point, too.

On bonuses, we fully expect them to fall further this year and, as we approach the season, let me be clear that this is just the start. Across the banking sector, Labour allowed a sense of bonus entitlement to grow. In no other industry is there such a distorted culture of bonus entitlement. Following 13 years of Labour Government we have come some way towards dismantling that culture in the banking sector, but we accept that we have a long way to go to make a fundamental change in attitudes to pay. The coming bonus round provides another chance for the banking sector and its shareholders to demonstrate leadership on pay. That message is already getting through. As Otto Thoresen, director general of the Association of British Insurers, wrote to bank chairs last December,

"it can no longer be business as usual for this remuneration round."

I agree with that, and the Government will play our part.

We have already said that for RBS and Lloyds Banking Group there will be a limit of £2,000 on cash bonuses, as we also imposed last year.

Richard Fuller (Bedford) (Con): There is a lot of consensus on both sides of the House that people who are wealthy should be looking to see what they can do to help. Part of what the Opposition miss is the fact that one thing the Government have done—although they could do more—is to promote the enterprise investment scheme, which gives people the opportunity to invest directly in small businesses. Will my right hon. Friend tell me what he is doing to promote that scheme, and in particular, how small businesses that benefit from it can also take part in the youth contract?

Danny Alexander: The Government have made decisions to improve the benefits available through the enterprise investment scheme precisely to encourage more people to invest in small firms in such a way. The new seed enterprise investment scheme, which we announced in the autumn statement, will further help new businesses to be created through that route.

We have already said that for RBS and Lloyds Banking Group there will be a limit of £2,000 on cash bonuses, as was imposed last year, and let me reiterate that the bonus pool this year must be far, far lower than it was last year, and more transparent too. Tackling bank bonuses and youth unemployment is not just an economic challenge, but a challenge that is at the centre of the coalition's purpose, which is to promote a sustainable and responsible banking sector that puts consumers' needs at the centre of the financial system.

Julie Hilling (Bolton West) (Lab): Will the right hon. Gentleman give way?

Danny Alexander: I shall give way one last time, and then I shall finish my speech.

Julie Hilling: Is the right hon. Gentleman confirming, then, that the chief executive of RBS will only get a £2,000 bonus?

Danny Alexander: I am doing no such thing, because those announcements will be made in due course. I have said that bonuses in the banks that we own will have to be far lower than they were last year. The cash element of bonuses will be limited to £2,000 for all employees, but of course there are other parts to bonuses, too.

Returning our country to prosperity has been the founding purpose of the coalition Government, but in our determination to restore growth, we will put fairness at the very heart of our recovery, tackling gross inequity in senior pay and tackling the perils of youth unemployment to ensure that young people's prospects are not blighted in the way that those of too many were in the 1980s.

Rehman Chishti (Gillingham and Rainham) (Con): Will the Chief Secretary give way?

Danny Alexander: No, I am going to make some progress now.

A fair and sustainable recovery demands leadership, and that is exactly what we are providing. Labour cannot be taken seriously on the economy until it admits the mistakes it made when it was in power. If Labour was really changing its position on the economy, the first thing it would do is say sorry. Sorry for letting youth unemployment get out of control, sorry for letting the banking sector get out of control, and sorry for letting the deficit and debt get out of—*[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Hon. Members should calm down, as a lot of Back-Benchers want to speak as well.

Danny Alexander: I do not think that those on the Opposition Front were trying to shout the apology that the country wants from them. They should say sorry, too, for letting the deficit and the country's debt get out of control. Instead, all we have heard today is the apology of a speech made by the shadow Chief Secretary.

Rachel Reeves: I wonder when the electorate might get an apology from the Liberal Democrats for trebling university tuition fees and imposing a VAT bombshell.

Danny Alexander: I am sorry that the shadow Chief Secretary did not take the opportunity to offer an apology for the terrible mess made by her party and the Government of which the shadow Chancellor was a leading member.

It is the coalition Government who are investing in skills, infrastructure and innovation to create new opportunities in the recovery. It is this coalition that is reforming a broken financial sector to entrench greater stability and embed long-term sustainability. It is this coalition Government alone who are determined to face up to today's economic challenges to build tomorrow's fair, prosperous and sustainable economy.

Several hon. Members *rose—*

Mr Deputy Speaker: Order. I remind hon. Members that there is a six-minute limit on speeches.

8.8 pm

Mr George Mudie (Leeds East) (Lab): I want to raise three points. The hon. Member for Devizes (Claire Perry), who has left the Chamber, said that all we were proposing was a wish list. It is a wish list and I cannot understand why the Government are opposing it. Regardless of how they view our performance and their performance on youth unemployment, not enough is being done, and the first wish in the motion is for £2 billion to be put in to help with youth unemployment. I think that is a decent thing to have on a wish list. Secondly, we are asking for that money to come from the people who caused the difficulty, and that would be a very good thing.

I heard some of the comments directed at my hon. Friend the Member for Leeds West (Rachel Reeves) and I think of parallel universes. I envy Government Members if they have the situation that they described in their constituencies. I have represented my constituency for 20 years as an MP and 20 years as a councillor and it is probably in its saddest state since the '80s, which were a desperate time. Unemployment among youngsters then was along the levels we are seeing now, and as a result their lives were blighted and their self-esteem and confidence went. That situation affected families and communities, and it was one of the saddest times to represent a community. When the Labour Government came in they put in a lot of money and effort and they made a difference, but they did not finish the job and those issues remain. Communities are blighted by low self-esteem, low confidence and low ambition, and the real fear now is that that will be entrenched beyond any help or hope. I do not understand how anyone can abuse the shadow Chief Secretary when she raises the issue of youth unemployment, or read a speech with the kind of blandness we have just heard, as though they were describing a perfect world. This is about people's lives and their families' lives being ruined.

Rehman Chishti: Looking at what we are doing now, does the hon. Gentleman welcome the Government's pledge to put £150 million towards the creation of university technical colleges, which will improve the skills of our young people?

Mr Mudie: I would rather the Government had not trebled tuition fees. I would rather that instead of spending £150 million they were taking the opportunity to raise £2 billion to put into youth employment. This is a very serious, non-political matter and people's lives are going to be ruined unless they get urgent help. We should see that as a priority, and we should have no compunction about taking that money from the people who caused this difficulty. Governments, rating agencies and regulators also played a part but the sheer greed and irresponsibility of the banking and financial industry takes my breath away.

Jake Berry (Rossendale and Darwen) (Con): Will the hon. Gentleman give way?

Mr Mudie: No, because I am short of time.

The people who caused the difficulty earn huge salaries because of gambling in the investment market, which has brought country after country and bank after bank

to their knees, and which is now imperilling people's standard of living—their homes, jobs and future. I find that unacceptable.

The shadow Minister has called for leadership, but real leadership would not involve avoiding questions about whether there is going to be a limit of £2,000 on bank bonuses. The senior director of RBS will be disappointed if he is not allowed to take his £4 million and the chief executive is expecting £2.5 million, but this is in a bank that the Government own. If we want leadership, it should come from the Chancellor and the Government, who should take the steps that are needed.

Esther McVey (Wirral West) (Con): Will the hon. Gentleman give way?

Mr Mudie: No, I am sorry because I will be stopped quite soon.

The last point I want to make concerns the irresponsibility of the banks in refusing to operate Project Merlin, which would have brought jobs for younger and older people. The cynical and shoddy way that they got out of that agreement is totally unacceptable, as is the way they are refusing to fund small and medium-sized businesses. If we are going to rebalance the economy, that is the area that will provide the jobs. We need the Government to show some leadership because the banks must be forced to fund and put resources into that sector.

8.14 pm

Mr David Ruffley (Bury St Edmunds) (Con): Youth unemployment and bankers' bonuses are both too high, and the Opposition hope that by taxing the latter they can help the former. Let us first agree that help for the young unemployed is vital. The scar of joblessness destroys self-respect and will also damage the long-term economic growth rate of this country. What are the Government doing about it? They have already announced a record number of apprenticeships—440,000 in this Parliament—as well as a £1 billion youth contract and more than 250,000 more work experience places. The proposal for a tax on bankers' bonuses is what I want to focus on. My starting point is that crony capitalism and big financial rewards for failure not only are morally offensive but they subvert the principles on which successful capitalism depends.

Jake Berry: Let me pick up on the point about things being morally offensive. We have heard about the Leader of the Opposition calling for Fred Goodwin's knighthood to be removed. Does my hon. Friend agree that if that happened it would also make sense for former Labour Cabinet members who were part of the Government who led to this bankruptcy for Britain to give up their peerages in the other place?

Mr Ruffley: That is an interesting suggestion. I also think that the former Prime Minister should make a personal apology when our Prime Minister, who is an infinitely better one, strips Sir Fred Goodwin of that ill-deserved knighthood.

Currently, there are excessive bonuses within the sector that give capitalism a bad name. They have fostered the belief that there is a class of people who pay themselves pretty much what they like while the rest of the country has to deal with the consequences of what many of those people served up to this country by way of financial crisis. The idea that this is something that Conservatives are casual about is utterly false. The speculation by the Mayor of London about what the greatest pro-enterprise Prime Minister of the previous century would have thought of today's sorry state of affairs was interesting. He said that we should ask

> "what Margaret Thatcher would have thought of a system where directors sit on each other's "remcoms"—remuneration committees—and defend each other's expanding awards, even when the directors in question have presided over commercial disaster of one kind or another. She would have thought it was absurd."

All Conservatives think that is absurd and that something must be done about it. We think that two things should be done. First, we want to encourage people of talent to come to the UK, stay here and make the City of London the greatest financial capital on planet Earth. The second thing we need to do is foster a regime in which performance is more closely tied to reward. Quite frankly, that is not extant.

I suggest that a new blanket tax on bankers' bonuses would undermine those aims, or at best do nothing to advance them. It would do nothing to distinguish between cases in which an executive had genuinely earned a reward by turning around a failing organisation, increasing profitability or increasing returns to shareholders, and cases in which executives had taken advantage of lax scrutiny to take excessive rewards for their failure. There is a distinction between the rich and the undeserving rich, of whom Sir Fred Goodwin is a terrible exemplar.

Geraint Davies: The hon. Gentleman talks about bankers, but he will be aware that among the FTSE 100 companies, there has been an average 49% increase in directors' pay, and many of those companies have not had a proportionate increase in share value or profitability. Is he saying that his Government should introduce specific measures to cap pay increases for non-banker directors of FTSE 100 companies? If he is not, he is saying nothing.

Mr Ruffley: I am not suggesting that for a minute, and if the hon. Gentleman bothered to read the motion, he would see that it relates to excessive bankers' bonuses.

The fact remains that we have to be careful when we talk about a tax on banking. My right hon. Friend the Chancellor sensibly introduced a levy on bank balance sheets, something that the Labour party was not prepared to do. We were one of the first countries in the world to do that, and it will raise more than £2.5 billion a year. Instead of introducing another tax as the motion proposes, we should do more to discourage the granting of excessive bonuses in the first place. That would have a very happy by-product. When Robert Jenkins gave evidence to the Treasury Committee last week—for those who have not been initiated into these affairs, he is a member of the interim Financial Policy Committee, and a former banker—he said something very interesting:

> "Every £1 billion of less bonus would support £20 billion of additional small business lending."

I defy anyone on either side of the House to deny the wisdom of that.

I am talking about the unjustifiably excessive bonuses paid to executives in banks that have failed or are failing. Stephen Hester is, we are told, looking to accept a bonus for 2011, despite the fact that his bank's share

[Mr Ruffley]

price has fallen out of bed. Eric Daniels, who was the chief executive of another failed business—Lloyds-HBOS—took seven-figure bonuses before he was booted out. What the Labour party needs to understand is that that culture, which we all deprecate, did not grow up in the past 18 months. I hope that Labour will show a bit more humility in this debate than it has done so far. It did not regulate the banks properly; it sat by while these bonuses were being paid, year after year; and it gave knighthoods to the miscreants who accepted them. Incidentally, it was the Labour Government who allowed some private equity bosses to pay very little tax—less tax than the cleaners in their offices. We shall therefore take no lessons from Labour on regulation and on what we do about a state of affairs that I think we all agree is unacceptable.

Shareholders are not doing their job sufficiently well; that is why I urge the Government to change the law so that the threshold for shareholder approval of remuneration packages is shifted from 50% to 75%. I know that Fidelity, one of the largest holders of shares in UK banks, strongly supports that. Also, fund managers do not have much incentive to think in a long-term fashion; that is why I hope that the Financial Policy Committee, when it is up and running, and the Prudential Regulation Authority—the new regulator—will ensure that the Financial Services Authority's remuneration code, which covers only 2,500 firms, covers very many more. Bonus clawback—clawing back money given to executives who depart in disgrace and failure—is something that the Government need to talk about. Lloyds is apparently looking into that.

More tax is not the answer; better regulation, under this Government, is.

8.23 pm

Lisa Nandy (Wigan) (Lab): I want to make the case as to why, at a time when not everything can be priority, this subject really ought to be one. It is not just because in my constituency of Wigan, one in four young people is not in education, employment or training, and it is not just because I have begun to detect a sense of hopelessness among them that really frightens me. It frightens me because for nearly a decade before I came to this place, I worked with some of the most disadvantaged children and young people in this country, and what I am detecting in my constituency is a ripple effect: the sense of hopelessness is spreading outwards from the most disadvantaged to groups of young people who previously had strong hope for the future and strong resilience within themselves and their families. It is because young people cannot wait that I want to make the case for the proposal in the motion.

We heard from my hon. Friend the Member for Leeds West (Rachel Reeves) about the wage-scarring effect, and we heard a powerful speech from my hon. Friend the Member for Leeds East (Mr Mudie) about the impact that youth unemployment has on young people's confidence. I have seen for myself the levelling-down effect when jobs are scarce: graduates leave university with a sense of despair because they have to take jobs that they could have got three years earlier; 18-year-olds leave college with a sense of despair because they have to take jobs that they could have got two years earlier; and 16-year-olds are left with literally nowhere to go. That is why the issue should be our top priority: it is different, and it cannot wait.

I worked for five years for the Children's Society, which has spoken out very powerfully about child poverty this week, and I saw what happened to young people who were put out of work in the 1980s. They never recovered resilience in the labour market and were forced to bring up their children in workless households. Twenty years later, we were still dealing with the impact of that, so I say to Ministers that they are storing up trouble for future generations if they do not take action now.

I am concerned about what I have heard, because the Government are tinkering when what we really need is a step change in approach to the wider economy and to this issue. Young people have a very, very strong sense of fairness, which is why the starting point that my hon. Friend the Member for Leeds West has chosen is exactly the right one. More than anyone else whom I represent, young people understand the concept of something for something. They have seen the education maintenance allowance, which they worked hard to get, axed; they have seen Aimhigher, which raised the number of young people in my constituency going to university by 40% in six years, axed; they have seen tuition fees hiked up way beyond anything they could even conceive of paying; and they have seen the future jobs fund, which was making a dramatic difference to their confidence and to their friends' confidence, axed. At the same time, they see bankers' bonuses and pay continue to rise, so it is no wonder that they are angry.

Meg Hillier: Does my hon. Friend agree that there may be poverty among young people—my constituency, unfortunately, was shown to have a high level of poverty by the excellent work that she referenced—but there is no poverty of aspiration, certainly not in my constituency? Will she comment on whether that is the case in hers?

Lisa Nandy: I share that sentiment, but I am concerned. Those young people are turning to a Government who said, "If you work hard and try hard, we will support you" but they see poverty of aspiration from the Government. They are angry, because the Government have broken the deal and the pact that, if young people tried hard, they would have the chance of a better future.

Duncan Hames (Chippenham) (LD): The hon. Lady is making a typically impassioned and impressive speech. On the question of whether the Government broke the deal, would she not, given her experience before coming to the House, acknowledge that youth unemployment has been rising consistently since 2004? In my constituency, unemployment trebled in the previous Parliament, so the Government need to be prepared to look at proposals and solutions other than those that did not work in previous Parliaments.

Lisa Nandy: I am afraid that the facts do not bear that out. I agree, however, about the stubborn problem of structural youth unemployment, which I shall come on to.

I want to use the last few minutes of my speech to discuss what more must be done if we are serious about giving young people hope for the future. I have made the case that, although the Work programme is a welcome

step, it is tinkering when we need fundamental change in the system. Job preparation, while worth while and extremely important for some of my constituents, who need support, confidence and help to get a job, is not enough if there are no jobs to go to.

That is why I believe that growth, growth and growth have to be the Government's priority. In my constituency, and across the country, as we have heard from my hon. Friends, there are simply no jobs to go to. I have argued that increases in youth unemployment under the previous Government were caused by an increase in labour supply. The increase in youth unemployment under this Government is the consequence of a collapse in labour demand. The focus on youth unemployment masks a rapid fall in youth employment, which is partly accounted for by the abolition of full-time education places. If Ministers are serious about this issue, they must speak to their hon. Friends in the Department for Education, and make the point that it does not make any sense to cut education places at a time like this.

Will Ministers commit today to using every lever at their disposal? There are so many things that a Government can do, and it is distressing for young people to hear that the economic situation dictates inaction, when in fact we could have action and we could have it now. The Government could use their procurement power to ensure that young people have apprenticeships—it is immoral to award public contracts to firms that will not give apprenticeships and opportunities to our young people. The Government could also use their procurement power to make sure that those contracts go to firms that provide real, lasting, paid jobs with a decent career structure, to give those young people the resilience in the labour market that they need. That is why I urge Ministers to think again about the future jobs fund. I know that that has become a political issue, but I and my colleagues have seen the dramatic long-term difference that it was beginning to make for young people in our constituencies.

Structural youth unemployment remained stubbornly at around 10% under the previous Government, despite huge efforts, particularly by my right hon. Friend the Member for Morley and Outwood (Ed Balls), to do something about it. The only way to tackle structural youth unemployment is through partnership working, with the public, the private and the third sectors. I have seen recently some attempts to focus on the most disadvantaged young people—for example, in young offenders institutions—and a focus on education to lead young people into employment.

Ministers should be very careful about how they set targets and measure progress. For some of the young people with whom I have worked, with the extremely serious problems that they have had, simply getting up in the morning and eating breakfast has been a challenge. Ministers must be careful not to throw away real progress for some of the most disadvantaged young people in this country, or they will not tackle the structural problem of youth unemployment, which we tried so hard to deal with. Ministers know that some young people—disabled young people, young carers, those with transport difficulties—need extra help. I am sure Ministers know that, and I hope that help will be forthcoming.

Inaction on this issue is a moral choice with lasting consequences for a group of young people whom those on the Government Benches may never meet, but to whom they owe a heavy responsibility.

8.32 pm

Jake Berry (Rossendale and Darwen) (Con): It is clear to everybody in the House, regardless which side they sit on, that we are facing exceptionally difficult economic times in this country. I calculated that by the end of this speech, with a six-minute time limit in force and with no interventions, we will have spent in excess of £500,000 just on debt interest. Our national debt is like a credit card, and the sooner we get to grips with it, the better. I do not want to have to look the next generation of young people in the eye and say, "We were the Government, we were the group of MPs, who shoved our heads in the sand and refused to tackle our national debt," so that we could pass it on to them.

We have seen a hugely unwelcome increase in unemployment, and an exacerbation of the existing problem of youth unemployment. The Leader of the Opposition admitted in November last year that youth unemployment was not invented by this Government, but was a problem under the previous Government. The motion seeks to link the problem of youth unemployment simplistically to a failed tax on bankers' bonuses.

This truly is the tax that keeps on giving. So far, there have been proposals to use it to tackle unemployment among older people, to tackle unemployment among younger people, to fund capital projects, to reverse VAT increases, to cut taxes on fuel, to cut VAT on home improvements, to build 25,000 more houses, and today to create 100,000 new jobs. That clearly shows that the Labour party has no new ideas. It cannot be only today's ICM/*Guardian* poll that is depressing them. It is also the fact that a party that claims to represent the workers has come to represent the something-for-nothing culture, a party that claims to fight inequality increased inequality in 13 years in government, and at the end of the largest economic boom that we have ever witnessed, Labour left 270,000 more young people out of work than when it came to office. That is an appalling legacy. The solution is not more of the same, not to pile debt on debt, not to try and spend ourselves rich.

The motion sounds like the Opposition are being advised by Charles Ponzi and has about as much credence as the claim by the captain of the Costa Concordia that he slipped and fell into the lifeboat. The Government, however, must take true steps to tackle youth unemployment, and there is no panacea.

One thing we must do is tackle the skills gap. The hon. Member for Leeds West (Rachel Reeves), who is no longer in her place, said that she hoped MPs would today bring forward positive solutions on the question of what they can do. A little-known fact about the junction 4 retail park in Darwen—unless one is the MP for the area—is that it is the country's specialist area for the creation of computer games. When I ask those businesses how many young people from the area they employ, they say none, because young people in Darwen are leaving our schools without the menu of skills that the businesses want when they recruit. That is why it is vital that we continue to increase the links between schools and local employers.

Esther McVey: It is not just computer games and electronics companies that say that. The Institute for Manufacturing, the Institute of Physics and the chemicals industry say that we have not produced enough people in science to be the technicians and engineers, that we

[Esther McVey]

have a dearth of those skills and that they have had to bring in people from outside the country to do those jobs, which is a crying shame.

Jake Berry: I agree. Of particular joy to me is the fact that my constituency has a new academy school, which has entrepreneurship and technology at its heart. We are starting to have those conversations with business in order to equip our young people for the jobs market.

I want to talk about what hon. Members can do positively in their constituencies to tackle youth unemployment. As we have heard, much of it is about leadership. At the start of next month I will launch the "100 in 100" campaign in my constituency, which is my pledge to get 100 people into 100 apprenticeships in 100 days. Building up to this, I have visited as many local companies as I can to talk with them about what we hope to do, and I have found that there is a huge appetite for giving young people a chance.

Gordon Birtwistle (Burnley) (LD): I congratulate my hon. Friend on the initiative he is leading in his constituency. I did the same thing only last year, and the companies in Burnley were delighted to take on 107 apprentices in 100 days, which shows that there are companies that are keen to take on young people. A vast number of skilled people working in the manufacturing sector in our area are now in excess of 40 years of age, and the companies recognise that in future they might not have the skills to deliver the products that the world wants.

Jake Berry: I thank my hon. Friend for making such an eloquent point. As my near neighbour, he is really throwing the gauntlet down, but I am confident that Rossendale and Darwen will more than beat 107 apprenticeships in 100 days.

I want to talk about some of the businesses that I have been to see that are going to support us and that, even before we started, pledged to give a young person a chance by taking on a new apprentice. Businesses from every section of the economy are involved, not just those in the biblical trades or manufacturing. They include Home Manor residential nursing home, Whitehead's traditional butchers, DHJ Weisters Ltd, Aquasoft Solutions, which is a computer company, McCambridge Group, Crown Paints, WEC Group, which is an engineering company, Turnbull Prints and Anglo Recycling. We have across the entire constituency a commitment from business to give young people a chance.

When I talk with those businesses, they tell me that the Government's signal that they want to rebalance the economy and will support apprenticeships has helped them to decide to take on apprentices. One thing in particular has changed their mind: the pledge to give a £1,500 incentive to smaller firms to take on a young person. We can get involved in the debate about what is right and wrong about the apprentice scheme and what else we should be doing, but I appeal to all hon. Members to go out there, speak to businesses in their constituencies, advocate why they should support young people, why they should invest in their work force, why young people would be good for their business, bringing fresh ideas and new skills, and ask them whether they will take a young person on and give them a chance.

If just throwing money at the problem solved youth unemployment, the previous Government would have done so, because they threw lots at it. The only way we can solve part of the youth unemployment problem is through training and leadership, and leadership should come from hon. Members, from employers and from the Government. There is nothing more important than getting our young people back to work.

8.40 pm

Mr Pat McFadden (Wolverhampton South East) (Lab): At first glance it might seem as though youth unemployment and bank bonuses are separate issues, or that if they are linked it is only at the level of an argument about fairness or equity. But that is not the case. The level of reward at the very top of the financial services industry is not just an argument about fairness or equity, although it is certainly that; it is something that has a material effect on the functions carried out by our financial institutions, including the level of lending available to the economy and, thus, the capacity for job creation in it.

I should make it clear that I am talking about bonuses at the very top. We should not forget that the vast majority of people who work in the financial services industry receive ordinary salaries, and that if they do get a bonus it is of a modest amount to which no one would object.

Indeed, we all value the employment created by our financial services industry, but there is a broader problem, which we all know. In recent years we will have all met businesses that cannot find the funding that they need to keep going or, in some cases, to expand, grow and employ people. Sometimes that is because the price of credit rises so much that the business in question cannot afford it, but sometimes it is because the credit is not available on any terms.

No Government can second-guess every individual lending decision, but there is no doubt that access to finance has become a barrier to the creation of employment. This Government's answer was to get together with the banks in the Merlin agreement, which was based on gross lending, not net. Let me give the House one politician's verdict on such agreements. He said:

> "This would be completely letting the banks off the hook. It's perfectly possible for banks to achieve a gross lending target while withdrawing capital from small to medium-sized businesses."

He went on to say that, in agreeing to gross lending targets, the previous Government allowed the banks to run rings around them. I am of course quoting the current Business Secretary, who had that opinion on gross lending agreements before he came into office—and then supported exactly the same thing.

The right hon. Gentleman subsequently pirouetted and said that the Merlin project had not worked, telling the House last month:

> "The Merlin project certainly did not succeed in its central objective, which was to achieve growth in gross lending by banks."—[*Official Report*, 8 December 2011; Vol. 537, c. 397.]

The banks' argument is that they are under conflicting pressure both to increase the amount of capital that they hold and to lend more to business. They tell the public and they tell us politicians that we can have either safe and secure banks or more lending, but not both; and that brings us back to bonuses.

The hon. Member for Bury St Edmunds (Mr Ruffley), who is no longer in his place, referred to the evidence, given last week to the Treasury Committee by the new regulatory body responsible for financial stability, which suggested that that was not the case at all.

Meg Hillier: Does my right hon. Friend wish to comment on the sudden enthusiasm of Conservative Members for regulation, given that, when regulation was proposed by the previous Government, they were not keen on it at all?

Mr McFadden: There are many quotations from Conservative Members calling for less regulation during the previous Government's period in office, but I refer to the Treasury Committee evidence from Mr Robert Jenkins, a former Credit Suisse trader who is now a member of the Bank of England's Financial Policy Committee. He recently made a speech in which he said:

"The truth is that banks can strengthen their balance sheets without harming the economy. They can do so by cutting bonuses, by curtailing intra-financial risk-taking and by raising term debt and equity."

As the hon. Member for Bury St Edmunds said, last week Mr Jenkins told the Select Committee that if the banks reduced the bonus pot by £1 billion, that would make available £20 billion more for small businesses.

This weekend, the banks hit back at that estimate. *The Sunday Times* was briefed, by an industry insider who clearly has a thing or two to learn about rapid rebuttal, that the real figure if bonuses were cut would not be £20 billion but only £13.5 billion. That argument is based on whether we apply the capital and regulatory rules that exist at the moment or those that may come in future. But whether the figure is £13.5 billion in future or £20 billion at the moment, the argument is clear: reward is an issue not only about fairness, but about the function that we want the banks to have in the economy.

Of course it is galling for a nurse on a pay freeze to be paying for a crisis that they did not cause and then to see a seven-figure bonus, but it is more than galling—the truth is that we have been presented with a false choice between restoring the capital position of banks and supporting lending in the economy. There is not an automatic trade-off between levels of safety and levels of funding once we take into account issues of reward at the top. Put simply, less money in excessive pay at the top would make more available for the lending we need to create jobs. That is why youth unemployment and bank bonuses are linked.

I have one final thing to say. In the coming days, we are going to hear a lot about what top bankers are entitled to contractually; no doubt that argument will be wielded by Ministers. However, contracts are not the only thing that matters. Context matters too, and the context is the greatest squeeze on family living standards since the war. That should be taken into account by the bankers themselves as we decide on restraint on bonuses.

The banking industry is hugely important to this country, but its relationship with the public has been broken. It is time to repair that relationship, and there is no better place to start doing that than in striking a better balance between reward at the top and the job that we want the banks to do—to lend in the real economy.

8.47 pm

Stephen Williams (Bristol West) (LD): The motion links the issue of bankers' bonuses and youth unemployment. With my constituents in Bristol West, I agree that the levels of both are currently excessive.

I shall deal with bonuses first. Executive pay is meant to be the reward for company growth and shareholder return. Over the past decade, executive pay has gone up by an average of 13.6% each year, but the growth in the index of the top 100 companies on the London stock exchange has gone up by only 1.7% each year. Executive pay has vastly outstripped the underlying growth in the companies over which the directors have presided.

Bonuses, of course, are usually the worst manifestation of spectacular reward—sometimes for just modest return for the company's shareholders, or even a paltry return. Even worse, they can be a pay-off for corporate failure. Today my right hon. Friend the Secretary of State for Business, Innovation and Skills announced the Government's action to deal with that excess in the boardroom. The boardroom is the place where that excessive behaviour should be tackled and reined in, and shareholders need to take action in shareholder meetings.

The coalition Government will implement or consult on 10 of the recommendations of the High Pay Commission. Taxes, of course, have a role to play, but it is a subsidiary one. The behaviour itself needs to change. Under the previous Chancellor of the Exchequer, the right hon. Member for Edinburgh South West (Mr Darling), the bonus tax was a failure according to the terms that he used to describe it when he announced it in the Budget. It was meant to curtail behaviour in the boardrooms of banks, but it failed completely.

At that time, the underlying rate of income tax and national insurance on the recipients of bonuses was 41%; under the coalition Government, the figure is 52%. When we factor in employers' national insurance, we see that roughly two thirds of the value of a bonus comes back to the Treasury. In addition, the permanent bank levy will raise £2.6 billion for each subsequent year of this Parliament, which is more in net terms than the bonus tax raised under the Labour Government.

The previous Government were, of course, in office for 13 years. They had ample opportunity to do something. I sat through five Queen's Speeches, in each of which a raft of legislation was announced by Her Majesty, but not once did I hear of an attempt to tackle corporate greed. Indeed, I would say that the Labour Government, certainly for their first eight years, positively encouraged corporate greed. We just heard from the right hon. Member for Wolverhampton South East (Mr McFadden). The Cabinet Minister to whom he reported in the latter years of the Labour Government, Lord Mandelson, said famously that he and new Labour were

"intensely relaxed about people getting filthy rich".

It was the Labour Government who gave a knighthood to Mr Goodwin.

Mr McFadden: I have heard that quotation twice today and I think that it is time to complete it. Lord Mandelson went on to say,

"as long as people pay their taxes".

Stephen Williams: That makes it all right, does it? Is it okay to encourage the culture of corporate greed and excessive behaviour as long as people pay their taxes? Of course, the former Chancellor, the right hon. Member for Kirkcaldy and Cowdenbeath (Mr Brown), reduced the rate of income tax that those people were paying. All that Labour promised for shareholders was an advisory role to rein in such behaviour, whereas the Government have today announced binding votes for shareholders so that they have some control over the executives who are supposed to report to them for the value of their companies.

Youth unemployment needs to be set in the overall context of unemployment in the United Kingdom and in other developed economies. The overall unemployment rate in the United Kingdom is 8.2% of the work force. In the United States it is 9.1% and in the eurozone it is 10.1%. In many eurozone states, the rate is much higher than the average. Youth unemployment tends to follow the same trend. It tends to be roughly double the rate in each country. What is happening in this country is not unique among our main competitors.

Youth unemployment is also not a new problem. At least the right hon. Member for South Shields (David Miliband), who was with us earlier, has had the grace to acknowledge that under the Labour Government youth unemployment rose, even during times of strong economic growth and the longest sustained boom since the second world war. In the more than 20 years since 1992, the rate of youth unemployment among 16 and 17-year-olds has remained stubbornly flat and has barely changed, whatever the underlying economic conditions. *[Interruption.]* The hon. Member for Edinburgh East (Sheila Gilmore) is shaking her head. I suggest that she looks at the Library's statistics on this matter, specifically for 16 and 17-year-olds.

Sheila Gilmore: In the early years of the Labour Government, did not youth unemployment fall far below the level inherited from the previous Conservative Government because measures were taken?

Stephen Williams: Before the hon. Lady intervened, I repeated that I was talking specifically about 16 and 17-year-olds. The Library's youth unemployment statistics show that from 1992 to the current year the rate of youth unemployment has remained stubbornly at about 200,000, whatever the underlying economic conditions. For 16 to 24-year-olds, the broader group, the unemployment figure did not fall below 600,000, even at the height of the boom.

Sheila Gilmore *rose—*

Stephen Williams: I will not give way again because the time would count against me.

Youth unemployment is a long-term problem and we need long-term reform to tackle it. That is why the coalition Government are right to introduce the pupil premium, which will enable young people from disadvantaged backgrounds who are on free school meals, as I was, to get a leg-up in life. It is right that the coalition Government are embarked on a programme of welfare reform. We already have in place the Work programme, which offers assistance to people who are unemployed after nine months or, for 18-year-olds, after six months. It is right that we are raising the threshold at which people start to pay income tax. It is when people enter the jobs market for the first time that they are likely to be on the minimum wage or on low average earnings if they are working part time. The rise in the income tax threshold will disproportionately affect young people who are entering the labour market. It is also right that the coalition Government are massively expanding the number of apprenticeships. However, we also need short-term help for people who, through no fault of their own, find themselves unemployed because of the economic circumstances. I am therefore pleased that my right hon. Friend the Deputy Prime Minister has announced the youth contract, which will start in April, with 410,000 places over the rest of this Parliament, 160,000 of which will be wage subsidies of £275 per new job created.

What will help the young unemployed most is economic stability and recovery, together with the confidence that this coalition Government are putting in place the policies to deliver those two things. The low rate of interest that we currently have helps not only households but businesses that are seeking to expand. The Government have a clear focus on stable finances and growth. We should contrast that with Labour's somersaults, U-turns and ever-elastic bonus tax, which has no credibility as it seems to have funded every single promise that the party has made since the general election.

As the hon. Member for Wigan (Lisa Nandy) said, unemployment is a tragedy for every young person who has experienced it. I grew up in a community scarred by youth unemployment. I witnessed it among my friends—I even experienced it myself at one point in my career—and I do not want another generation to be blighted by it. The Government are taking action, and credibility is a key part of that.

8.56 pm

Mr Michael Meacher (Oldham West and Royton) (Lab): If I said that the Chief Secretary's defence of the Government's position was unconvincing, that would be generous.

I want to focus on bank bonuses and the impact that they have on the economy, particularly on youth unemployment. It is striking that this year the pig-fattening season in the City—otherwise known as bonus time—happens to coincide not only with unemployment among young people exceeding 1 million but with the rest of the population being informed, through research undertaken by Resolution Foundation, that the pay freeze is now expected to last until 2020. Last year the squeezed middle, which represents about a third of the population, suffered a big 4.2% real-terms fall in their incomes; now they are being told that by 2020 they will have £1,700 a year, or about £33 a week, less than they had in 2007—an 8% drop even before inflation kicks in. On the other hand, the City's 1,200 code staff—the people who take and manage risk—will this year take home, on average, about £1.8 million. That is £34,500 a week or, to put it another way, 78 times the average wage.

Of course, those people are the elite—the risk takers. It is not a bad reward for those who took and managed risk so skilfully until 2008 that as a result, a gargantuan bail-out was required that has cost this country and the Government £70 billion, and torn a hole in the Government budget amounting to 8.5% of GDP, £120 billion. That

is the difference between the deficit before the crash and 11.6%, which was the figure afterwards, and it is still projected to lead in 2013-14 to a national debt of about £1.4 trillion—slightly more than the nation's entire income. That is not a bad achievement for just over 1,000 people. It is a pretty good thing that there were not a million of them, as that would have bankrupted the economy totally.

What makes this greed—and that it is what it is—so unconscionable is that it is so unrepentant. There has not been a shred of remorse or apology for what has been done to the country; indeed, it has been quite the opposite, with an arrogant decision that we should return to business as usual as though nothing has happened. As my right hon. Friend the Member for Wolverhampton South East (Mr McFadden) rightly said, the banks have not even fulfilled the very modest requirements of them under Merlin to increase lending to businesses and home owners and contribute to the creation of jobs, especially for young people. Indeed, the opposite has happened. Lending to business has actually declined because of the degree of deleveraging, and the number of jobs going to young people has also declined, leading, of course, to a disastrous increase in unemployment.

The truth is that the bankers do not seem to get it. There is public outrage that a banking system that owes its continued existence to massive Government intervention can still pay itself mega increases in salary and bonuses, and that in an age of austerity 90% of investment bank profits are directed not at strengthening balance sheets, at shareholders' dividends, at lowering costs to customers or at creating jobs for young people, but at a gigantic personal pay-off.

I simply ask this: what is the justification for bankers' bonuses? Bonuses were what caused the reckless stampede into derivatives, securitisation and other new-fangled financial instruments that it turned out all those clever chaps in the City did not even understand. Even now, they still do not want to put their money into what the nation really needs, which is jobs for young people—that is what the debate is all about—and a massive revival of manufacturing industry. In 2010 the UK deficit on traded goods was a staggering £100 billion, which is the worst by far that this country has ever suffered, and 2011 is likely to be much the same, or possibly worse. That is unsustainable, and dealing with it should be our No. 1 priority.

Mark Tami (Alyn and Deeside) (Lab): My right hon. Friend is making a powerful case. Does he agree that the other problem is that bankers are still obsessed with the short term? That is why they are not investing in such things as manufacturing. They are still obsessed with the short-term measures that deliver them large-scale bonuses.

Mr Meacher: My hon. Friend makes a very important point. As I am sure everyone in the House realises, there is far too much short-term instinct, particularly in the City. What we need, and have not had, is the relational banking that exists in the mittelstand in Germany. Banks there spend a lot of time, effort and money producing a long-term relationship with manufacturing units that they can support. That is the type of model that we need in this country, but it is not what we have got.

The banks continue to put their money overwhelmingly into property, mortgages, offshore speculation and tax havens, all for their own enrichment, and stuff the rest of the economy and jobs for young people. I am putting it strongly, but there is huge bitterness outside, as one can see from the August riots, from the Occupy movement and from many other instances of anger beginning to bubble up.

Esther McVey: Will the right hon. Gentleman give way?

Mr Meacher: No, I will not give way now.

Bankers' bonuses have already nearly proved the ruination of this country. What we need is a smaller banking sector that serves the real needs of this country, and particularly of its young people, if we are to avoid a lost generation. Saying no to bonuses, or at least taxing them, is certainly the right way to start.

9.3 pm

John Glen (Salisbury) (Con): I am grateful for the opportunity to participate in the debate. I would like to make three points, but before I do I wish to put on record my grave concern about the issue of youth unemployment. It is most regrettable that when we have debates such as this, Opposition Members seek to label Government Members as being glib and unconcerned about the plight of their constituents who are in real difficulty.

I was put here by the people of Salisbury, and in my constituency 340 young people between the ages of 16 and 24 are unemployed. I readily concede that that number is significantly higher than it was in the previous year, but I do not accept the comments of the hon. Member for Walsall North (Mr Winnick), who is no longer in his place, that somehow my colleagues and I do not care. I am not complacent about the matter or unwilling to acknowledge the grave seriousness of the problem of youth unemployment, nor am I unwilling to listen to suggestions from Members of all parties of how to tackle it effectively.

I do not see the point of belabouring the fact that the trend from 2004 was in the wrong direction, or that there were 279,000 more unemployed young people when we came to power than there were in 1997. As the right hon. Member for South Shields (David Miliband) said, that trend started in 2004, well before any global banking crisis. Let us therefore be honest in the debate about the nature of the problem and how long we have faced it.

However, we must realise that we owe it to those young people to find a lasting and effective solution. The Opposition suggest that the Government's cuts and tax increases have choked the economy, that our welfare-to-work programmes are failing and that borrowing has increased, so that the solution, very simply, is to tax bankers' bonuses and introduce a permanent bank levy. That is supposed to sort everything out overnight.

I have three concerns about that. Fundamentally, I am worried about the economic literacy of such a proposal. One cannot just buy jobs. That logic led to the current ruinous situation. It is misguided on several levels. The Government are doing things to address the points that the right hon. Member for Oldham West

[John Glen]

and Royton (Mr Meacher) legitimately highlighted: the grave frustration and anger about bankers' bonuses. However, the banking levy that the Government introduced, which was effective from January 2011, will yield more than the one-off policy on bankers' bonuses in the last year of the previous Government. That is factually correct.

The Government will take on board the Vickers commission's conclusions, and reforms to the banking sector will be adopted. However, when the right hon. Member for Wolverhampton South East (Mr McFadden), who is no longer in his place, worked alongside former Prime Minister Tony Blair in No. 10 Downing street, I wonder where the desire to reform the culture and the system of banking bonuses was then. We have all failed to address the creeping callus of immorality in our society.

However, the notion that the Government can somehow just kick-start things and buy a few jobs here and there does not do justice to the macro-economic realities. The financial systems—the markets—will not see more spending as a signal that the Government are serious about tackling the underlying problem of the debt in this country. Interest rates would rise. That would lead to mortgage payments rising and businesses losing confidence in making investments.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I am listening carefully to the hon. Gentleman, and I do not want to impugn him or any of his colleagues who are genuinely concerned about, for example, the plight of young people in my constituency. I meet college students who are devastated because of the impact of withdrawing education maintenance allowance and trebling tuition fees, and the fact that 10 people are chasing every job. However, all the evidence shows that some of the measures, such as enterprise zones, that the Government have introduced have no effect. Would the hon. Gentleman like to comment on that?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Can we have short interventions?

John Glen: The Government have not been complacent. They have made, and are making, relentless attempts to deal with the difficulty—the £1 billion investment in the youth contract, 250,000 work experience places and 440,000 apprenticeships demonstrate Government action. The effect is not immediate; things will not change overnight, or in the next three months. We must be realistic about what it takes to rebalance the economy. However, 20,000 extra apprenticeships with £1,500 attached to each will encourage people in the private sector, including small businesses, to take on new people.

We must recognise that there needs to be long-term fundamental change in our economy. We must pay down the debt, reduce the burden of regulations and develop schemes that incentivise private sector employers to make the leap and invest in our young people. We must recognise the reality that we are in an international scenario, and that simply pressing a few buttons in the Treasury will not deliver immediate outcomes. Reheating the flawed logic and instincts of the late 1970s, which said that we could press those buttons and jobs would appear, is flawed.

The most senior economic adviser to the former Prime Minister and Member for Sedgefield said in 1997 that the Government whom he served had a golden economic legacy. That is not what this Government had when they took power nearly two years ago. It will therefore take time, but there is no complacency. There is a determination to face up to the underlying economic challenges. Only when we have done that will we have a sustainable basis for dealing with the problem—the deep and desperate problem—of youth unemployment.

9.10 pm

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): It is timely that I follow the hon. Member for Salisbury (John Glen), who lamented the increase in youth unemployment in his constituency, which is less than half the 1,305 people aged 24 and under claiming jobseeker's allowance in my constituency—an increase of 12.5% on the same time last year.

In December 2011, 420 jobs were advertised in jobcentres in Hackney, which equates to around 14 claimants per vacancy. Young people who are just leaving school or college are competing for those jobs against people who have work experience on their CV, which is one reason why I lament some of the changes this Government have introduced—getting that experience is crucial to helping people to get on their career path.

Hackney is a very young borough—around a third of Hackney residents are under the age of 24—which means that youth unemployment is a particularly striking and important issue in my constituency. The percentage of 18 to 24-year-olds who have been unemployed for six months in Hackney is now higher than the national and London averages. In December 2011, 2.1% of young people in Hackney had been unemployed for six months, compared with 1.5% in London and 0.9% nationally. In Hackney, 1.2% young people were unemployed for more than 12 months, compared with 0.5% in London and 0.6% nationally. One of my concerns is that we are seeing a growing trend of longer-term unemployment for young people. They might be small in number, but the trend is in the wrong direction.

It is important that we hear from young people themselves. I have been talking to providers of the Work programme in my constituency that work with some of the hardest-to-reach people. The private companies take the easier-to-place people and give specialist agencies and organisations the harder-to-reach ones. Janet Usoro, the student contact co-ordinator at East London Advanced Technology Training, which is a third sector IT training company for young people based in my constituency, told me of a young man who comes from a troubled background. His mother has mental health issues and his father is unknown to him, and he had difficulties in the past with drugs that resulted in a prison sentence.

This young man decided to get his life back on the straight and narrow and at ELATT has achieved NVQ levels 1 and 2 in IT networking. He is progressing through level 3. He has gained confidence and found new personal self-discipline. He is on the right track, but with his background, his chosen career path will require a record of work experience and extra support, which, I worry, the Work programme is not entirely equipped to give him. I hope the Minister responds to that in his summing up.

Anthony Harmer, the chief executive of ELATT, tells me of his worries about long-term, sustainable funding for the high-level support work it does with such difficult-to-reach young people.

The Minister of State, Department for Work and Pensions (Chris Grayling): As the hon. Lady has raised a specific point, may I put it to her that the Work programme providers have complete freedom to do what works to help people into work, including securing work experience places for them? It is my hope that the providers in her area find work experience places precisely for someone such as the young man she describes, even if they have not found work experience through the Government scheme or Jobcentre Plus.

Meg Hillier: If what the Minister says transpires, I will be a very happy Member of Parliament for Hackney South and Shoreditch, but I am picking up on the ground that that is not happening in the way that it should be. The bulk of the business is going to private providers, for the easier-to-place people, and they are taking the money, but the harder-to-reach people are going to the voluntary providers, which are struggling to make the packages work because their funding is crumbs from the bigger table. There may be a structural issue, which I hope the Minister will watch closely as the programme is rolled out, because we do not yet know about the success of the Work programme. Ministers herald it as a success, yet we have seen no figures or results, for all the reasons that have been well rehearsed. This is an issue that the Minister, if he is serious about his job, needs to monitor.

In my area, the third sector agencies are picking up the harder-to-place young people, after what we might call cherry-picking. However, I am not trying to be political; I am concerned that those young people should get that work. Ian Ashman, the principal of Hackney community college, has similar stories to tell. For example, he has told me about Kevin, a 23-year-old father of two with a baby on the way who had an accident going to work one day and, as a result, lost his job. After 100 job applications, he has not been able to find another job. When it comes to full-time college courses, although the college has a good relationship with the local jobcentre, the employment advisers there do not know enough about what colleges can provide. As the Minister is probably aware, that concern was shared by 44% of colleges in a recent Association of Colleges survey. Full-time courses such as those provided by Hackney community college are not always appropriate for young people such as Kevin, because of the impact on their benefits. Indeed, there is an issue with young people wanting to progress and improve their lives, but often being unable to undertake the extra qualification or study that they need. Where do they go in the meantime? As we have heard, some of the apprenticeships on offer are not really true apprenticeships. I am all for more apprenticeships if they are real apprenticeships, but not if they amount to cheap, unpaid work experience.

Agencies, job brokers and colleges need long-term sustainable funding to help their work with the most difficult-to-reach people, which is something we need to look at. The young people in my constituency are not interested in party politicking; they want to know that there is a career path for them. We have seen huge improvements in schools in my constituency, with more than 84% at one school alone getting A* to C grades at GCSE, and seven young people placed at Cambridge, including one young woman who had a baby at 15 and is now at the university with her child. There is real opportunity and a real desire to achieve in Hackney. There is no poverty of ambition among the young people in my area. Most of all, however, we need to get those young people on pathways into jobs. We need work experience available, so that they can get the experience they need to compete in the job market. I want to see the unemployment levels in my constituency fall dramatically.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. There are still six speakers, and we have to bring on the Front Benchers at 9.40 pm. I am going to have to drop the time limit to four minutes, in order to get in all the Members who want to speak.

9.17 pm

Alec Shelbrooke (Elmet and Rothwell) (Con): Thank you, Mr Deputy Speaker; I shall try to keep to four minutes.

I start by echoing what my hon. Friend the Member for Salisbury (John Glen) said. I do not believe that there is anybody in the House who does not want to try to do as much as possible to help the youth unemployed, and I genuinely mean that about all parts of the House. It is easy to score cheap political points, but deep down, I think that there is probably no one in this House, on either side, for whom that is not true. We feel this to be such an important issue for many of the reasons that have been outlined today.

I will come to why I think the motion is not helpful in solving the problem, but let me say that no matter how we approach the issue, everyone wants to do something about it. That is the nature of party politics: the Opposition have a different approach to those of us in government. When I look around at the unemployed young people in my constituency, I think about how to help them. Equally, I have met young people on apprenticeships—16-year-olds—and seen the difference that being able to go out has made to their lives. There are children whom I have known over many years who have got an apprenticeship and who now go out to work. One sees them visibly maturing before one's eyes, becoming more confident in themselves and thinking about what it means to get a career and move along that path. However, the flip side of the coin is the children and young people who have not been able to get an apprenticeship or get those jobs. We think, "Well, for every high there must a low," and we worry deeply about the effect that that will have on young people. But is it fair to offer them false hope by suggesting that taxing bankers' bonuses could create jobs for them?

I worry about the message that we send out from this place, because there is nothing worse than false hope. We have seen so many examples of it in the history of politics. During elections, people vote for something that they believe will give them x, y or z, only to be bitterly disappointed later. It is also easy for the Opposition to make promises—I mean this not as a comment on the Labour party but as a general remark—when the

[Alec Shelbrooke]

reality of changing circumstances means that those promises cannot be fulfilled. Another good example is that, following the austerity Budget, we were hoping to reduce the structural deficit by the end of this Parliament, but because of the changes in the world economy since then, it does not look as though we will achieve that until 2016 or possibly 2017.

David Simpson (Upper Bann) (DUP): Does the hon. Gentleman agree that a further way in which the coalition could help small to medium-sized businesses would be to reduce the heavy burden of bureaucracy that they have to deal with? A further area in which they could be helped is that of energy costs.

Alec Shelbrooke: I am grateful to the hon. Gentleman for that intervention. Bureaucracy has strangled small businesses over the past 13 years and made it almost impossible for the people running them to say, "Let's go out and employ a few people. Let's take a punt on it and see what happens. Let's grow our business and see whether we can grow the economy." If they tried to do that but did not succeed, the bureaucracy meant that it was very hard for them to scale back the business afterwards. I believe in protection for workers—I think we all do—but there has to be a reality check at some point. Just keeping people employed because of bureaucracy while watching a company go bust does not serve anybody.

That is why the Government have adopted a programme of tackling bureaucracy and some of the more nonsensical parts of the health and safety at work legislation. I have talked to the local businesses in my constituency and found that they have hired, on average, one full-time equivalent employee to deal with the increase in bureaucracy. That is not job creation; that is sapping the resources from a company that might be willing to go a step further.

I am exceptionally worried about creating false hope. My hon. Friend the Member for Rossendale and Darwen (Jake Berry) made it quite clear how many promises have been made about a bankers' bonus tax, including the suggestion that such a tax would create 100,000 jobs. Bankers are already paying 50% tax on those bonuses. Do I personally agree that the head of RBS should be getting the size of bonus that he is getting when its share price has halved? No, I do not, but I did not draw up his agreement and I do not know what the small print says. I do not know why he feels entitled to take that bonus. Do I think it right that he should do so? No, I do not, but we are not legally in a position to do anything about it. We have to look at the position that we have got ourselves into, and try not to make those mistakes again.

I do not want to get back into the same old hoo-hahs that we have across the Chamber on these issues. We see the same old faces on the other side, and we all have a history, in these ding-dongs, of talking about whether the austerity measures are working and what would happen if we did not do what we are doing. Whenever we introduce a policy to try to rebalance the economy, there will be a negative effect. There is a recession throughout Europe and the world, and growth is practically flat across the whole of the European Union. We have to do something about that. This Government are trying to do something. They are trying to invest in apprenticeships, for example. Their apprenticeship scheme has the advantage over the jobs scheme introduced by the previous Government in that it involves the private sector rather than the public sector. I hope that we can bring hope to the young unemployed in this country, without a false dawn.

9.24 pm

Mr Iain McKenzie (Inverclyde) (Lab): It will come as no surprise that I want to focus on the UK unemployment blackspot that is Scotland. Scotland's unemployment crisis has become a national tragedy with 250,000 people out of work, and our young people are one of the hardest hit groups. The number of young people claiming jobseeker's allowance for more than six months has soared by 93% in my constituency and unemployment in Scotland has risen by 8.6%, with some 19,000 more people out of work this year. Scotland now has higher unemployment than the rest of the UK, with 200 Scots losing their job every day. Those figures only confirm what families in my constituency already know, which is that we are facing an unemployment emergency.

Jake Berry: As the hon. Gentleman is addressing his concerns to unemployment in Scotland, can he confirm whether it went up or down during the last quarter?

Mr McKenzie: Unemployment in Scotland is suffering the double-whammy of not only the UK Government but the Scottish Government. It is obvious where the Scottish National Members are tonight—they are not in the Chamber debating unemployment in Scotland.

For my constituents and millions of hard-pressed families, reports in the news that RBS is preparing to offer a bonus of more than £1 million to its chief executive look like nothing more than huge reward for failure. That leaves my young constituents to ask only one question: what about us? So, what about them? Labour has for some time argued for a tax on bank bonuses to fund 100,000 jobs for young people. Our country needs a new plan for jobs, so the Government should adopt Labour's five-point plan for jobs, incorporating the tax on bankers' bonuses to fund those 100,000 jobs for young people and a temporary VAT cut to help people struggling with rising prices, and kick-start the economy.

Jobs for young people in my constituency of Inverclyde are of the utmost importance, which is why we cannot wait for the UK or Scottish Government to act and have commenced putting in place our own plans. I acknowledge the efforts made by the hon. Member for Rossendale and Darwen (Jake Berry) in going around all the businesses in his constituency and I can tell him that I will be taking up that challenge over the coming weeks and months. Unfortunately, I might not have the handsome list of businesses that I have visited to quote, which is unfortunate and will make the challenge more difficult. I, along with my Labour-controlled council and my MSP, will commit to searching for jobs and, I hope, to attracting other businesses to the constituency.

I have highlighted in the House before the Labour-led council's brave decision to go it alone with the future jobs fund after that initiative was scrapped such a short time ago by the Government. We are uniquely successful: we were the second best-performing local authority in

the country as regards the future jobs fund, putting some 500 young people a year into employment, 80% of whom remained in those jobs. That again will prove successful. Now, after clever procurement by my council, which has delivered projects under budget, we are in a position to put more funds into alleviating the disgrace of youth unemployment.

As a small council we cannot continue to finance such projects indefinitely, so we need both the UK and Scottish Governments to act now and implement plans to alleviate youth unemployment. Getting people, and especially our young people, back to work is the best way to put the UK, Scotland and Inverclyde back on the right course. As the Deputy Prime Minister said:

"I think fairness starts with doing the right thing for our young people".

He went on to outline a £1 billion plan to provide subsidised work and training placements to thousands of young people. That initiative has all the hallmarks of a watered-down version of Labour's future jobs fund, which the coalition scrapped after coming to power. The initiative guaranteed under-24s out of work for six months or more a job or training. The young people in my constituency need work and they need opportunities. They do not wish to live on benefits, but they still await action from this Government and the one in Edinburgh on tackling youth unemployment.

Our young people cannot take another year of failure from Government to react to the crisis. They need, they deserve and they have the right to a job. It should be the duty of all Governments to eliminate unemployment.

9.29 pm

Richard Graham (Gloucester) (Con): It gives me huge pleasure to join this debate in which we can all surely agree with the hon. Member for Leeds West (Rachel Reeves) that youth unemployment is too high and must be reduced. As many hon. Members have said, none of us is complacent on this issue, so what to do? The hon. Lady had three main suggestions: spend more, lower VAT, and bash the bankers. There was also a possible fourth suggestion of bringing back the future jobs fund or, as she put it, creating 100,000 jobs. The first of those suggestions has been utterly discredited and the second did not work. On the third suggestion, no Government except those of the ex-USSR and the current Democratic People's Republic of Korea create jobs. We must be clear that the business of government is about setting the conditions in which businesses can create jobs. It simply does not work when Governments try to create jobs.

On the future jobs fund, the evidence we looked at in the Select Committee on Work and Pensions was absolutely clear: it was expensive and public sector-dominated. It was useful and it did give experience, but no future jobs came from it.

Mel Stride (Central Devon) (Con): My hon. Friend makes a powerful point about the future jobs fund—that it was basically about short-term jobs that did not last. Does he agree that this Government's approach to apprenticeships and investing in young people and skills will give us sustainable, long-term jobs for the future?

Richard Graham: My hon. Friend is entirely right and brilliantly anticipates the thread of my argument.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): If the future jobs fund was not a success, why have the Government introduced the youth contract, and is it not simply a watered-down future jobs fund?

Richard Graham: Let me be clear that I was not writing off the future jobs fund—I did say that it was useful. However, there are better ways of dealing with these issues, which the Government have identified and are going ahead with.

I was coming to a point that will answer the hon. Gentleman's query about our alternatives to the hon. Lady's four main ideas about how the problem of youth unemployment can be solved. I believe that we need a mixture of different things. We need to allow manufacturers to thrive again by reducing corporate tax and the bureaucracy that surrounds their activities. We need to encourage their entrepreneurial spirit. Happily, and by chance, I can show hon. Members an excellent packet of tea that is made in Gloucester and exported to China. I also have in my pocket an aluminium pedal made on the Bristol road in Gloucester and exported to Australia. These examples show that the entrepreneurial spirit is alive and kicking in my constituency and I hope that all Members' constituencies have similar companies doing great things. Both the companies I have mentioned are looking to take on apprenticeships this year. That speaks to the point made by my hon. Friend the Member for Central Devon (Mel Stride) about the heavy support and increased numbers of apprenticeships that the Government are delivering.

We also need incentives for small and medium-sized enterprises and I am very grateful that the debate I led in Westminster Hall last year, in which many hon. Members spoke up in favour of SMEs, was heard by the Government, who have introduced those incentives so that SMEs can take on apprentices. If every member of the Federation of Small Businesses in the land took on one apprentice, the largest part of the problem of youth unemployment would be solved. Similarly, we can all lead by example by taking on our own apprentice. I wonder how many Members from the Labour party have taken on an apprentice. We can also encourage businesses in our communities to take on apprentices and we can create apprenticeship fairs and job fairs. I am delighted to be welcoming the employment Minister to the skillsfest in Gloucester on 9 February, when he will see what we are doing to promote all aspects of the Government's programme and will be quizzed by businesses on what more he can do to help them to grow.

The motion mixes an unacceptable fact—high youth unemployment—with an unpopular sector: banking. It is my strong belief that hammering our financial services sector, which is vital to this country, and destroying jobs in it will not help to create jobs elsewhere, so I propose, as an alternative, an idea that I believe would resonate across the land. It came to me when opening a regenerated bank branch in Gloucester two months ago. It would enable banks to reconnect with their customers and grow cost-efficiently, and it would support our communities by reducing youth unemployment. The idea is simple: every bank in the land should take on one apprentice in each of its branches. That would include the Co-operative Bank, which is shortly, I hope, to take over the Cheltenham & Gloucester branches from Lloyds. If the financial sector pursued that idea, Members in all parts of the

[Richard Graham]

House, instead of haranguing bankers, would be able to praise them for their role in solving the problem of youth unemployment. Some talks have already taken place; I hope that there will be more. I commend that policy, rather than the motion before us, to the Minister.

9.35 pm

Geraint Davies (Swansea West) (Lab/Co-op): At the centre of this debate is the question of what the optimum balance should be between growth and cuts, and in what time scale we should bring down the deficit. I contend that the debate should not be some sort of auction about who will cut what when; it should be about who has the most creative, realistic growth strategy, predicated on what has happened in the past. Let us look at the Labour party's record, to which people have referred. Post-1997, we created 2 million more jobs. We replaced interest rates of 10% to 15% with very low rates, thanks to the independence of the Bank of England. With those jobs and those taxpayers, we doubled our investment in the health service and reduced debt. We have a fine record to build on.

In 2008, as we all know, there was a financial tsunami, generated by sub-prime debt in the United States. Our then Prime Minister, my right hon. Friend the Member for Kirkcaldy and Cowdenbeath (Mr Brown), got together with Barack Obama to ensure that we delivered a fiscal stimulus, and that there was not a depression. We had a shallow recession, and then fragile growth. Then the Tories arrived, and immediately announced 500,000 job cuts. Consumer confidence and demand were thrown out with the bathwater. Immediately, people in the public sector thought that they were going to lose their jobs, and would not spend money. People in the private sector stopped taking on employees, and we ended up with the deficit rising. The deficit forecast is now £158 billion above what it was; when Labour came in, the deficit forecast was falling. The question is what we should do to bring back confidence.

Charlie Elphicke: Will the hon. Gentleman explain whether he agrees with the shadow Chancellor, who said the other day,

"we are going to have keep all these cuts"?

Geraint Davies: I am not opposing having to make savings and cuts. I am saying that the key is growth. As a business man in Swansea said to me, "It would be no good laying off my workers and selling my tools if I was making a loss; I would need to grow my sales while making savings." That is the focus. That is why there is a five-point plan focused on national insurance for the building industry, on VAT for extra consumption, and on taxing banker bonuses to generate jobs and infrastructure growth.

In addition, we need a credible growth strategy focused on the growth opportunities in the global economy, namely the emerging consumer markets in India, China and south America. What are we doing to re-engineer our financial markets, our modern manufacturing, and our services, so that they are tailored to those markets? What will we do about getting capital opportunities from surplus-rich countries such as China, or oil-rich countries, so that they invest in our infrastructure? What are we doing to skill ourselves up for future markets? Those questions do not seem to be being asked or answered tonight.

In Swansea, I am talking with prospective manufacturers from India about linking up with the university and providing a manufacturing base to build on the cutting-edge life science research taking place there. I am talking with possible investors about investing in manufacturing facilities. There are companies such as Tata near Swansea, which are already investing in the modern manufacturing of steel, which will have six layers and can create its own energy and heat, so there are new global opportunities. This debate has been completely focused on who will cut most, when. That is going nowhere. We cannot cut ourselves out of this economic problem. We have to grow, invest and reposition our industry.

Glyn Davies (Montgomeryshire) (Con): I should like to give the hon. Gentleman another chance to support the Opposition's policy of acknowledging both that they support the cuts programme introduced by the Government and that they made quite a few mistakes when they were in government.

Geraint Davies: We need a balance of savings—certainly not cuts against our productive capacity—with the main focus on growth and jobs, as has always been the case. The shadow Chancellor said that he cannot predict the future—he does not have a crystal ball—and in three years' time, with the situation ruined by a Government who have destroyed industry and opportunity, it is likely that we will face an even worse situation, so promises cannot be made about reinstating things subject to Government cuts. The key point is that unless we have a growth strategy, as Barack Obama is trying to do—and Europe is trying to reskill in a global environment—we have no hope, given the Government mantra that all that they can do to save business is cut, cut, cut. All that that leads to is the death of industry. I shall leave it there, and let us focus on growth.

9.41 pm

Stephen Timms (East Ham) (Lab): We have had a very good debate. In June last year, the Prime Minister told the House that cutting the deficit faster would revive private sector confidence. That was the basis of the strategy with which we were presented for private sector investment and jobs to surge. Tragically, that has not happened. The business confidence monitor from the Institute of Chartered Accountants says:

"UK Business confidence has collapsed".

It says:

"Confidence has declined across all sectors and all regions."

Nobody now claims that the coalition strategy is working to boost confidence. Confidence has evaporated, and the strategy has clearly not worked.

We are debating the consequences tonight: unemployment rocketing; youth unemployment of over 1 million, and becoming worse—the highest that it has ever been. My hon. Friend the Member for Wigan (Lisa Nandy) drew attention to the growing sense of hopelessness and the long-term damage to our economy. My hon. Friend the Member for Hackney South and Shoreditch (Meg Hillier) pointed to the growth of long-term unemployment among young people as particularly damaging.

As a result of that failure, the Government have to spend a great deal more on benefits. It is worth comparing the latest forecast from the end of last year showing how much they intend to spend on benefits in the year after next with the forecast a year earlier. Projected benefit spending in the year after next has gone up by £5.4 billion. The overall estimate of borrowing has gone up by £158 billion—a figure at which the Chief Secretary to the Treasury balked at admitting. The Government are determined to press ahead with their version of the benefit cap, which the Department for Communities and Local Government says will add 20,000 to annual homelessness figures, with massive Exchequer costs. The ill-judged attack by the Secretary of State for Work and Pensions on the bishops at the weekend has led to yet another defeat for him in the other place.

All along, we have been told that the solution to all these problems was the Work programme. Let me begin by welcoming the U-turn by the Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling). I welcome his change of heart, because until now he has refused to allow Work programme providers to publish any data on their performance. Today, he has announced that he is going to change his policy.

Chris Grayling *rose—*

Stephen Timms: Perhaps the Minister will tell us when the guidance to which he referred will be published.

Chris Grayling: I am a little puzzled. I could be wrong, but I thought I heard the right hon. Member for Birmingham, Hodge Hill (Mr Byrne) say that the Labour party supported the benefit cap, but the right hon. Member for East Ham (Stephen Timms) has just said that they do not. Would he tell us which is right?

Stephen Timms: We do support the benefit cap. The version that the Minister is pressing through is, as the House of Lords has rightly pointed out, going to cause huge costs for the Exchequer. I hope that even now the Secretary of State will think again before returning to the House with the measure next week.

The Work programme was rushed, and badly prepared. As we pointed out at the time, there should have been a plan for transition to the new programme. There was no plan. We can glimpse how the Work programme has been going by looking at the number of people coming off benefit each month. The number plummeted last May, when the flexible new deal stopped, and it stayed low as the Work programme got going. I invite the Minister to compare the months after May with the same period the previous year, because he will see that poor Work programme performance resulted in 86,000 people not getting into work who should have done. That is probably a permanent unemployment rise. The damage will be with us for years.

The Government told us that the Work programme would enlist an army of voluntary organisations to give specialist help to jobseekers. To begin with, we were told that 508 voluntary sector organisations would be involved. By August, that number had fallen to 423. Next week the Government will count once again. Last week, apparently, at a crunch meeting, voluntary sector organisations told the Minister that they were being used as "bid candy" to win contracts. Some of them still have not had a single referral since the Work programme began last summer.

The "Open Public Services White Paper" promised, as
I quoted to the Minister earlier:

> "Providers of public services from all sectors will need to publish information on performance and user satisfaction."

I welcome the Minister's U-turn on performance. What about user satisfaction? Let me tell him about the satisfaction of one user, the father of a constituent of mine, who came to me to complain about his daughter's experience on the Work programme. She received a letter referring her to mandatory work activity. It was completely incomprehensible; I will send the Minister a copy. She lives in my constituency in east London. The letter appeared to require her to report on an unspecified date to an address with a postcode in Sheffield, and the telephone number was given as 000. It was a shambles. It is no wonder the Work programme is not delivering and youth unemployment is rocketing.

Esther McVey: When I read the title of today's Opposition day debate, which mentioned youth unemployment and bank bonuses, I thought it was a list of Labour's worst failings—youth unemployment up by 40% and a banks bonus culture developed under Labour and signed, sealed and delivered with a knighthood under Labour—so will not the right hon. Gentleman concede that where Labour messed up, the coalition is cleaning up?

Stephen Timms: We had some discussion in the debate about the future jobs fund. The Minister has awarded a contract for the evaluation of the Work programme. I welcome the fact that he has done that. He should read the evaluation of the future jobs fund carried out by the same organisation that he has commissioned to evaluate the Work programme. It points out just how effective the future jobs fund was and the crucial value for young people of

> "a real job with a real wage".

We need a new approach. We should repeat the tax on bankers' bonuses to bring in £2 billion, funding 100,000 real jobs for young people. We need, once again, a temporary cut in VAT to rebuild momentum in the economy, as the VAT cut did before the general election. A further VAT cut on home improvements would give the construction industry, which is in a desperate state, the chance that it needs. We should bring forward investment in schools, roads and transport, and we should listen to the Federation of Small Businesses and give small firms hiring new staff a break from paying national insurance—five points that would give us, at last, a chance.

9.49 pm

The Minister of State, Department for Work and Pensions (Chris Grayling): Let me start by making it absolutely clear that tackling unemployment and youth unemployment is right at the top of the Government's list of priorities. I share the frustration of my hon. Friend the Member for Salisbury (John Glen) at some of the comments from Opposition Members. My right hon. Friend the Secretary of State for Education, to whom I pay tribute, is firmly of the view that the decline in the teaching of

[Chris Grayling]

history in this country is a lamentable failing in our education system, and we realise precisely why when we listen to the Opposition. They have forgotten the history not of 10 or 100 years ago, but of two years ago: the mess they left behind for us.

Someone listening to Opposition Members tonight might think that youth unemployment had been created in the past 18 months, but the truth is that when Labour left office 18 months ago youth unemployment stood at 940,000. It has since risen by 100,000, which we wish had not happened. Half of that increase has come from students in full-time education looking for part-time work. The Opposition talk about surging youth unemployment, and I get increasingly frustrated by their use of figures, because they keep up the spurious claim that long-term youth unemployment under this Government has rocketed, but that is utterly untrue. A like-for-like comparison that removes all of the ways in which they massage the figures reveals that long-term youth unemployment today is actually lower than it was two years ago. There is one other fact that they do not mention: fewer people in this country are on out-of-work benefits today than were at the time of the general election. Let us hear nothing about the failures of the past 18 months, and let us never forget the failings of 13 years of Labour government.

We have had a thoughtful debate and heard some sensible contributions, including those from my hon. Friends the Members for Bury St Edmunds (Mr Ruffley), for Rossendale and Darwen (Jake Berry), for Bristol West (Stephen Williams), for Salisbury (John Glen), for Elmet and Rothwell (Alec Shelbrooke) and for Gloucester (Richard Graham). We have also had a snapshot of the past, present and future of the Labour party. On the future of the party, I must say that the hon. Member for Wigan (Lisa Nandy) made some thoughtful contributions on things the Government might do, and I listened carefully to what she said. We also had a bit of a throwback from the right hon. Member for Oldham West and Royton (Mr Meacher), who talked about bankers' bonuses while conveniently forgetting that the bankers' bonus pool in the City of London was twice as big under Labour as it is today.

I was also struck by the lack of ambition among Labour Members. When they went through their plans yet again—we have to bear it in mind that the money from their proposed bankers' bonus tax has been announced for nine different things so far; another bit of history they have conveniently forgotten—we realised that the reality is that they are talking about creating 100,000 places in a replacement for the future jobs fund. I see that as rather unambitious, because the package of support we have put together will help, and is helping, far more young people into employment.

We have a clear strategy to support the creation of jobs in the economy and provide help for those people, older and younger, who are looking for work. We have set out some of those measures. My right hon. Friend the Chief Secretary to the Treasury, the Chancellor of the Exchequer and the Treasury team set out in the autumn statement a range of proposals to do everything we can to stimulate and support the growth of business. I am particularly pleased that in the last quarter private sector employment in the economy increased at a time when we face huge economic challenges that were described recently by the Governor of the Bank of England as probably the most difficult in modern peace time history, if not ever. Yet against that background we are determined to give business every opportunity to grow and develop through investment in infrastructure, measures in the tax system and the measures we are taking to deregulate—for example, in relation to health and safety—in order to support business growth. There is no other way of securing the future of our work force or job creation in the economy.

We cannot go back to the uncertainty and instability under the previous Government and under the right hon. Member for Morley and Outwood (Ed Balls), who is chuntering away on the Front Bench and forgets the severe damage that he and his colleagues did to the economy when they were in office.

Alongside the work that we will do and are doing to ensure that business has the best possible opportunity to grow and to create jobs, however, we have put in place a package of support for the unemployed that I believe is more ambitious and more successful than anything that the previous Government did.

Let us start with our work experience scheme, which will double in size under the youth contract and is already helping large numbers of young people to move into work.

Sheila Gilmore: I am sure the Minister agrees that work experience programmes should give people skills that they do not already have, and perhaps confidence if they have not worked for a long time, so why has it been made compulsory for people who have already done the work or had the training to go into jobs such as shelf-stacking, on which I know the Conservative party is so keen? Why is that relevant to people who already have such experience?

Chris Grayling: I simply cannot understand the view that Opposition Members have of our retail sector. Our larger retailers are national and international businesses, with hugely varied career opportunities for young people. The manager of a single supermarket can run a £100 million business, so let nobody say that giving an unemployed young person the opportunity to show to a supermarket chain their ability to contribute to that organisation is nothing but a possible footstone for a long-term career.

The proof of the pudding is in the eating, because more than half the young people who are going through our work experience scheme are moving off benefits quickly afterwards. When we make a comparison with the future jobs fund, from which about half moved off benefits immediately afterwards, we find the total cost of that scheme was between £5,000 and £6,000 per placement, whereas the total cost of our work experience scheme—of achieving a similar result—is about £300 per placement. Which do Opposition Members think represents better value for the taxpayer?

Alongside that, we are also delivering 170,000 wage subsidies, through the youth contract, to employers who take on young people, and that is the big difference between our philosophy and that of the Opposition, who simply want to recreate another scheme with artificial, six-month job placements in the public or voluntary sectors. We are trying to create a path to a long-term career for young people. That is what the wage subsidies

in the youth contract will do, and it is also why we have expanded by so many the number of available apprenticeships. They are not about short-term placements; they are about building long-term career opportunities. Since we took office, we have increased massively the availability of apprenticeships in the economy, precisely because we believe that our young people are best served by creating a path that they can follow to a long-term career opportunity.

The right hon. Member for East Ham (Stephen Timms) talked about the Work programme, which is providing much better and more intensive support for the long-term unemployed than previous schemes, and about the flexible new deal, which we inherited last year. Let me, however, give him some statistics about that. It cost the Department for Work and Pensions £770 million, and it achieved 50,000 job outcomes in six months—at a cost of £14,000 per job outcome. Does that represent good value for money or a programme worth keeping? Does anybody seriously believe that that programme had the effect he describes?

I am confident that, by contrast, the Work programme will deliver results because it is based on payment by results, and because we have created an environment in which the organisations, large and small, that are delivering the programme are paid only when they succeed in getting somebody into long-term employment. Having now been around the country and visited almost all the providers, I have seen a team of people who are motivated, determined and succeeding in getting the unemployed back to work. I meet people who have not worked for years but who have got back into employment, and people who did not believe they could get back into work but are getting back into employment.

When we publish the figures, and we will, I look forward to demonstrating that that approach makes a difference to the prospects of the long-term unemployed in this country—

Mr Alan Campbell (Tynemouth) (Lab) *claimed to move the closure (Standing Order No. 36).*

Question put forthwith, That the Question be now put.

Question agreed to.

Main Question put accordingly.

The House divided: Ayes 225, Noes 302.

Division No. 436] **[8.59 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Burden, Richard
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jowell, rh Tessa
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Mr Jim
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Raynsford, rh Mr Nick
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank

Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Weir, Mr Mike
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Williams, Hywel
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Graham Jones and Susan Elan Jones

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Bacon, Mr Richard
Baker, Steve
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Byles, Dan
Cable, rh Vince
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Ellis, Michael
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lilley, rh Mr Peter
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
Maude, rh Mr Francis
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew

Robertson, Hugh	Thurso, John
Robertson, Mr Laurence	Timpson, Mr Edward
Rogerson, Dan	Tomlinson, Justin
Rosindell, Andrew	Tredinnick, David
Ruffley, Mr David	Truss, Elizabeth
Russell, Sir Bob	Turner, Mr Andrew
Rutley, David	Tyrie, Mr Andrew
Sanders, Mr Adrian	Uppal, Paul
Sandys, Laura	Vaizey, Mr Edward
Scott, Mr Lee	Vara, Mr Shailesh
Selous, Andrew	Vickers, Martin
Shapps, rh Grant	Villiers, rh Mrs Theresa
Sharma, Alok	Walker, Mr Robin
Shelbrooke, Alec	Wallace, Mr Ben
Shepherd, Mr Richard	Ward, Mr David
Simpson, Mr Keith	Watkinson, Angela
Skidmore, Chris	Weatherley, Mike
Smith, Miss Chloe	Webb, Steve
Smith, Henry	Wharton, James
Smith, Julian	White, Chris
Smith, Sir Robert	Whittaker, Craig
Soubry, Anna	Whittingdale, Mr John
Spelman, rh Mrs Caroline	Wiggin, Bill
Spencer, Mr Mark	Willetts, rh Mr David
Stanley, rh Sir John	Williams, Mr Mark
Stevenson, John	Williams, Stephen
Stewart, Bob	Willott, Jenny
Stewart, Iain	Wilson, Mr Rob
Streeter, Mr Gary	Wollaston, Dr Sarah
Stride, Mel	Wright, Jeremy
Stuart, Mr Graham	Wright, Simon
Stunell, Andrew	Yeo, Mr Tim
Sturdy, Julian	Young, rh Sir George
Swales, Ian	Zahawi, Nadhim
Swayne, rh Mr Desmond	**Tellers for the Noes:**
Syms, Mr Robert	**Mr Philip Dunne and Mark Hunter**
Tapsell, rh Sir Peter	

Question accordingly negatived.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

EDUCATION

That the draft Special Educational Needs (Direct Payments) (Pilot Scheme) Order 2011, which was laid before this House on 7 December, be approved.—*(Stephen Crabb.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

LOCAL GOVERNMENT

That the draft City of Birmingham (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.—*(Stephen Crabb.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 25 January (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

REGULATORY REFORM

That the draft Local Better Regulation Office (Dissolution and Transfer of Functions, Etc.) Order 2012, which was laid before this House on 6 December, be approved.—*(Stephen Crabb.)*

Question agreed to.

ADMINISTRATION

Ordered,

That Angela Smith be discharged from the Administration Committee and Mark Tami be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

ENVIRONMENT, FOOD AND RURAL AFFAIRS

Ordered,

That Tom Blenkinsop and Cathy Jamieson be discharged from the Environment, Food and Rural Affairs Committee and Iain McKenzie and Ms Margaret Ritchie be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

SCOTTISH AFFAIRS

Ordered,

That Graeme Morrice be discharged from the Scottish Affairs Committee and Pamela Nash be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

PETITION

Closure of Downhills Primary School, Tottenham

10.15 pm

Mr David Lammy (Tottenham) (Lab): The petition is from the governors, parents, teachers and community of Downhills primary school in Tottenham.

The petition states:

The Petition of residents of Tottenham,

Declares that the Petitioners believe that there has been inadequate consultation about the Secretary of State for Education's plans to close Downhills Primary School and re-open it as an academy; that the Petitioners value the links with the community that the school has maintained over the last 100 years; that the Petitioners believe that the Secretary of State's plans are undemocratic and undermine the recent progress that has been made towards improving standards at the school and that the Petitioners oppose any attempts to change the status of the school without the consent of the community.

The Petitioners therefore request that the House of Commons urges the Secretary of State for Education not to exercise his powers to close Downhills Primary School and re-open it as an academy.

And the Petitioners remain, etc.

[P000998]

Gender Balance in Broadcasting

Motion made, and Question proposed, That this House do now adjourn.—*(Stephen Crabb.)*

10.16 pm

Nadine Dorries (Mid Bedfordshire) (Con): I was inspired to apply for this debate when, at a Christmas party, I met a very successful and very well-known BBC broadcaster who shall remain anonymous. What I was told shocked me, not least because that very famous individual told me that should he raise the issue within the BBC, life would be made so difficult for him that the end of his career would be just around the corner. I was given a quick resumé of how the BBC behaves with regard to women and female broadcasters, and the sexism inherent not only in the BBC but throughout the broadcasting arena and journalism in general. It was a shocking story.

What is even more shocking is that in the case of the BBC, the general public, 52% of whom are women, pay a licence fee to endorse the behaviour in question. According to the Library, the BBC receives £293 million a year in Government grants, £3.5 billion in licence fee revenue, £888 million from commercial business and £12 million from selling content overseas. It could not earn the last two figures without the Government's subsidy and the licence fee.

Before I cite some of the examples that highlight the disparity in gender balance in the BBC, may I ask the Minister whether, when the next round of negotiations with the BBC begins and he decides whether to hand over another lump sum of taxpayers' money and agree the licence fee settlement, he would like to tell the BBC that until it gets its house in order it will not be getting the dosh? In fact, may I go further? I think it is about time the Minister set up a parliamentary Committee to scrutinise the decision-making process within the BBC. Whatever it is doing at the moment, it is simply wrong.

I am not advocating degrading quotas; I am talking about basic commercial common sense. I have only half an hour, so I will cite just a few examples of what I am talking about. First, however, I wish to name-check Kira Cochrane and Alexander Campbell, as I have taken some of what I am about to say from work that they have researched and published, and Frances Rafferty from the National Union of Journalists, who has been very kind and helpful in sending me useful links and information.

Let us begin with radio, and Radio 2. The most listened-to music radio station in the world has not a single female daytime broadcaster. Is that not shameful? Radio 1 has one daytime female presenter. However, Radio 2 has "Sally Traffic", whose job seems to be moving in and out of one studio after another to massage the egos of the male presenters who are there throughout the day. Although she outstrips most of the presenters in wit and rapport, I imagine that she earns a fraction of what the male egos that she massages do. Sally appears far more intellectual and witty than every male broadcaster whom she has to humour. However, the BBC bosses, whoever they may be, appear not to have noticed that.

Tessa Munt (Wells) (LD): As far as I could see when preparing for this evening, there is not one woman with children in Radio 2's management above assistant producer level. That includes the producers, the executive producers, the head of programmes and the controller of Radio 2. That situation may not come as a surprise.

Nadine Dorries: I thank the hon. Lady for that contribution. I have that table of figures, but I decided to concentrate on what the general public see from the BBC. However, I thank her very much for that intervention.

Even though the BBC is wholly funded, one way or another, by taxpayers, half of whom, as I said, are women, the BBC bosses seem to feel that the person who pays the piper does not need representing on daytime radio.

Mr Speaker, I am sure that you remember the amazing Annie Nightingale, and that you grew up, as I did, listening to her on Radio 1. She has more music knowledge in her little finger than the majority of radio presenters today on Radio 1. Do you know what Annie Nightingale does now, Mr Speaker? She presents one programme, one night a week, from 2 till 4 am. That is where the BBC has consigned Annie Nightingale. Jo Wiley is on Radio 2 three nights a week from 8 till 9.30 pm. That is as good as it gets. It is a double travesty. Vanessa Feltz is on Radio 2 weekday mornings from 5 till 6.30. Another music legend—I am sure you remember her name, too, Mr Speaker—Liz Kershaw, is on Radio 6 on Saturday afternoon from 1 till 4. That is where the BBC has placed those fantastic women.

Let us consider the male presenters on the BBC. Some of them are in their 70s and still in primetime spots, yet those women have been consigned to the graveyard. If the BBC placed a banner on top of Broadcasting House and wrote on it, "The BBC does not believe that women deserve to be represented on BBC radio", that banner would be 100% accurate.

It is frankly amazing that Annie, Liz, Vanessa and Jo have kept hold of their jobs at all, because we all know what the BBC attitude is to women of a certain age. One female radio presenter was not so lucky. We have all heard about the treatment of Sarah Kennedy, who was harassed out of her Radio 2 early morning spot in the most appalling way after 17 years' service. Mocked by Radio 1 male presenter Chris Moyles in a tribute evening to yet another male presenter, Terry Wogan, Sarah eventually threw in the towel, citing a campaign by two BBC male employees to get her out of her job. Sarah was not so lucky: someone was after her job. It is only because of the public outcry and anger that that graveyard spot, which was a good platform for a new male presenter trying to climb the ladder, is now hosted by Vanessa Feltz.

Let us move to news and current affairs. The "Today" programme on Radio 4 has 7 million listeners a day. Many of them are influential and decision makers. Yet only 16% of the voices heard on the "Today" programme—comprising both contributors and presenters—are women's. As Jane Martinson states on the women's blog, and as others have pointed out, if the female presenter is away from the presenting team, one can go two whole hours in the morning when listening to the "Today" programme without a single female voice, and have male voices speaking at you throughout all that time.

Tessa Munt: When we look at the structure of the radio system and the controllers of Radio 1, Radio 2, Radio 3, Radio 4 and Radio 5, we see that only Radio 4 has a female controller. The director of radio and the director-general are both male. I am sure that the hon.

Lady agrees that in local radio, it is horrific that only one woman presents a breakfast show, out of 43 such flagship programmes.

Nadine Dorries: Perhaps the hon. Lady and I should apply for a joint Adjournment debate.

When questioned about the fact that there were no female voices on Radio 2 for two hours on one particular day, BBC editors said that that was okay because they did not receive any letters of complaint. I wonder whether they thought for a moment that the nation's women are far too busy to write letters to male BBC editors. I suspect that most women believe that the BBC is so male dominated that there is no point in writing. Most women have read about the high-profile cases of Sarah Kennedy, Miriam O'Reilly, Anna Ford, Selina Scott, Moira Stuart, Arlene Phillips and others. Sensible women will think, "What's the point of writing to such an ageist, sexist organisation—even if I am paying for it?"

If radio is not bad enough, one can only cringe at television, especially the BBC. Let us consider the more popular and highly rated programmes. It would appear that in the minds of TV bosses, the viewing public only enjoy watching ageing male hosts accompanied by young blonde females. I shall list some of the names: Forsyth and Daly, of "Strictly Come Dancing"; Chiles and Bleakley; Schofield and Willoughby; and Cowell and Holden. Even on sensible "Countdown", we find Stelling and Riley. "Elderly male, young female" is an unchallenged formula.

It is not just that women's representation on radio and TV is woeful, but that sexism and ageism are combined, and at their worst, in current affairs and politics. Only one in 10 women working in television are aged over 50. As the number of people that TV employs shrinks, the biggest losers are women, by two to one.

I note that on the day of this debate the "Daily Politics" show invited three female MPs as guests—a rare day indeed, and a sticking plaster over a gaping wound. At least this debate has had a tiny effect, even if for just one day. Perhaps it is time the BBC took a long hard look at its political news and current affairs programmes on both radio and TV, because the way in which they are presented says, to me and everyone else, that the BBC believes that women are not capable of presenting such programmes, and therefore by implication that they do not watch them.

Perhaps if women did watch such programmes, they could relate to the people presenting them. Let us forgive Andrew Marr's line-up of the best 20 political moments of 2011, and the fact that each and every politician was male. Let us not include David Dimbleby or Jeremy Paxman or Jeremy Vine; let us give them an exemption, because all three are undeniable experts and silos of historical political knowledge, and considered to be more national treasures than presenters. I will do a quick round-up of the men who present TV news and current affairs: Robinson, Naughtie, Webb, Campbell, Marr, Craven, Davis, Snow, Stewart, Murnaghan, Boulton, Sopel, Mair, Simpson, Mason, Pienaar, Stourton, Portillo, Esler, Edwards, Matt Frei, Murphy, Austin, Gibbon, Crick, Thompson and Islam. That is just the top layer of news and current affairs. I challenge any hon. Member to start a list of women. They would get stuck at three names.

Hon. Members may have noticed that the name of Mr Andrew Neil was not in that list, but I will give him a quick mention. I have had an outburst against this particular gentleman; I am not proud of the fact that I described him as an ageing, overweight, orange toupee-wearing has-been. One could describe a number of male presenters in those terms. However, I made that outburst because of the outwardly sexist comments that that particularly rude man has made about female politicians on his "This Week" programme, which almost every week features three ageing men and a token woman. Why are we women paying for that? Not only do we not want to watch it; we object to paying for it. Mr Neil has a verbose style that is aggressive, abrasive and often rude, which massively turns women off. He uses the shadow public health Minister as his token female only to attack her on the programme, which he does frequently, including last week. Because she declined to appear, he again made unpleasant sexist comments about her.

I remember the first time I appeared on his programme. I was asked to appear on a Monday morning; all the MPs were on their way to the House of Commons and they could not get anyone else to speak. I ran over to College green and did a little piece to camera and gave a quick quote on David Cameron's election campaign. Mr Neil thought I could not hear him as I finished, but I still had the earpiece in, and heard him say, "Well, she looked tired and out of breath there didn't she?" Would he have said that about a male politician who had run over to College green to do that piece? No. It was another sexist, negative Mr Andrew Neil pearler, saved just for the women politicians. How can we possibly encourage more women into Parliament, when they see men like that, and the media in general, making sexist comments about female politicians? The Home Secretary was on the front of *Total Politics* magazine today, but all anyone has spoken about is how she looked and what she was wearing, not what she had to say or the substance of the article. Why would any woman want to join us in this place when that is how they are regarded and spoken about?

The BBC is seen as the holy grail by the left. I believe that an irrational desire by the left to protect the BBC and not attack it or highlight its faults has allowed the present situation to occur, under the prolonged former governance by Labour. It is a worrying theme that the left irrationally protects what it regards as the issues on its turf, sometimes to the detriment of women. MPs are also loth to challenge the BBC, for fear that they will no longer be invited to make their points on television or BBC programmes—and I will probably be living proof that they are right. However, such considerations are cowardly.

In conclusion, the left may have ignored the behaviour of the BBC while it was in government, but if the Minister continues that pattern of behaviour, I and others will view it as a dereliction of the duties of his office. I would like him to tell us in his response what steps he will take, apart from using the financial hammer—which I mentioned at the beginning of my speech—with which he can hit the BBC over the head. What else is he going to do to end the culture of ageism, sexism and poor-quality male-dominated programming that we women are paying for, and are subjected to?

10.31 pm

The Parliamentary Under-Secretary of State for Culture, Olympics, Media and Sport (Mr Edward Vaizey): I am grateful for the chance to respond to this important debate. My hon. Friend the Member for Mid Bedfordshire (Nadine Dorries) has a formidable reputation for bringing difficult issues to the House and raising subjects that others might fear to bring to public prominence. The representation of women across the media, but particularly at the BBC, is an important issue that is worth addressing.

Many of the statistics that my hon. Friend quoted are very much a cause for concern. Some of them came from a recently established campaign group called Sound Women that aims to support and celebrate the work of women in UK radio. It published an important report called "Tuning out"—which one can find on its website, soundwomen.co.uk—that was commissioned by the training agency Skillset, which I work with closely to promote skills in the creative industries. The report found that women are less likely to make it to the top of radio, making up just a third of senior managers and less than a fifth at board level. It will not surprise the House to hear that women in radio are more qualified than men, with three quarters having degrees, compared with less than two thirds of men. However, women are still paid less, by an average of £2,200 a year.

Older women with children are less well represented, as the hon. Member for Wells (Tessa Munt) said. In fact, a lot of women abandon the radio industry after the age of about 35. As was also pointed out by the hon. Lady, who supported my hon. Friend so ably in this debate, out of 50 BBC local radio breakfast shows, only one is presented by a woman. Some 84% of reporters and guests on Radio 4's "Today" programme are men. Indeed, on 5 July 2011, one would have had to wait from 6.15 am until 8.20 am to hear one female contributor, alongside the 27 male contributors to that programme. My hon. Friend therefore raises an important point.

Having raised those issues of concern, let me make it clear that I am nevertheless an admirer and respecter of the BBC, which forms the cornerstone of public service broadcasting in this country. Personally, I for one think it is the finest public service broadcaster in the world today. We want to ensure that the BBC remains a national asset, but as my hon. Friend rightly pointed out, if it is to maintain its pre-eminence and prominence, it must address the issue of gender imbalance. We are well aware of the criticism that too many of the presenters at the BBC are men, and of the calls for more women presenters.

I want to make an important point; I am sure that my hon. Friend will regard it as a cop-out, but I am going to make it anyway. It is that the BBC is independent of the Government, and I do not think that Members would want to have it any other way. I do not think that they would want politicians to use a particular issue as an excuse to interfere too closely with the operational or editorial independence of the BBC. There is therefore, quite rightly, no provision for the Government to become involved in the BBC's day-to-day operational and editorial decisions. For the same reason, the Government are equally committed to the independence of other broadcasters, and will not seek to intervene directly in their on-screen or staff gender balance.

The BBC agreement does, however, place a duty on the BBC executive board to make arrangements for promoting the equality of opportunity between men and women. The BBC executive board is accountable to the BBC Trust, and it is the duty of the trust to ensure that the duty on equality of opportunity is met. The BBC, Channel 4 and S4C are all subject to the Equality Act 2010, which seeks to eliminate discrimination and harassment and to advance equality of opportunity. Under the terms of the Act, all those broadcasters must publish equality objectives every four years, and publish information to demonstrate compliance with the general equality duty.

Tessa Munt: I am sorry to interrupt the Minister, but I find myself amazed that, while six of the 39 DJs at Radio 1 are women—all those DJs form the opinions of young women and young men across the country—that station had a greater number of female DJs in 1987. Setting four-year objectives does not seem to be having any impact whatever, if nothing has improved in all the intervening years.

Mr Vaizey: The hon. Lady makes her point forcefully, and I shall come to the points that she and my hon. Friend have raised.

I have mentioned the editorial independence of the BBC, and it is important to point out that all broadcasters' content and output services are exempt from the provisions of the Equality Act, to ensure that politicians do not interfere in the editorial independence of those broadcasters.

Ofcom, the independent regulator, also has a duty in regard to the promotion of equal opportunities, and we are in the process of reforming that. I must emphasise that that does not mean that we will take those obligations any less seriously. However, with the Equality Act 2010, we believe that equality duties will be undertaken more efficiently with legislation in one place. We will be consulting shortly on our proposals, and I hope that the hon. Lady and my hon. Friend will participate in the consultation.

I think that to talk about redressing the balance is to put it too strongly, but I want to use this opportunity to point out areas in which broadcasters have made progress. My hon. Friend and the hon. Lady have both, quite rightly, highlighted the imbalance that exists in broadcasting, but it is worth pointing out that 50% of BBC Trust members are women. The proportion of females on the BBC executive board is only 42%, but that is still a far higher proportion than is found on the majority of corporate boards. Within the whole staff of the BBC, women make up 49% of the total, and more women are joining the organisation than men at the moment.

Nadine Dorries: That is an interesting figure. If we were to look at the proportions of men and women among the total number of people in the House of Commons, we would probably find that they were about the same, taking into account the administrative and secretarial jobs. It does not actually mean anything to say that half the staff of the BBC are women. Those in the key jobs—the important, opinion-forming jobs; the ones that people listen to—are men. A bit like the House of Commons.

Mr Vaizey: Certainly as far as I am concerned, the people in the House of Commons who do the administrative and behind-the-scenes work are as important, if not

more important, than those who do the front-of-house work. I take my hon. Friend's point, however, which is to draw attention to the public face of the BBC and to ask how female-friendly it is. I shall come to that point later. Let me finish my short defence of the BBC, however. In BBC Vision, for example, 63% of the staff are women and, in the audio music division, 53% of the staff are women.

My hon. Friend talked about *The Guardian*'s recent interest in the number of female presenters on BBC radio and, of course, Jane Garvey has raised the issue on "Woman's Hour". I noticed that today a very rare event happened on "Woman's Hour", as a Conservative MP appeared and it was a woman, my hon. Friend the Member for Redditch (Karen Lumley). That is, in a way, some progress. The BBC has some outstanding female presenters and it might amuse my hon. Friend the Member for Mid Bedfordshire to know that when the corporation sent us the list, at the top was Annie Nightingale. She can read into that what she likes. There were also Sarah Montague, Fearne Cotton, Shelagh Fogarty, who happens to be a personal favourite of mine, Jenni Murray, Lauren Laverne, Mariella Frostrup, Jo Whiley, Zoe Ball, Moira Stuart and, of course, Jane Garvey. If I might abuse my office, I am personally very disappointed that the BBC did not include Rachel Burden in that list. As hon. Members will be aware, she is the formidable female presenter on the BBC 5 Live Breakfast show, which is the show I listen to in the morning. There are some formidable presenters on the BBC.

In Channel 4, 58% of the employees are women, which represents a 1% increase on the previous year. Four out of seven of the executive team are women and so are six out of the 13 board members. Since we are trading names and numbers, as it were, Channel 4 also has a strong representation of women presenters, including Cathy Newman, obviously, who has recently joined Channel 4 News. Mary Portas, Kirstie Allsopp, Sarah Beeny, Katie Piper, Jo Frost, Anna Richardson and Davina McCall all lead their own shows.

There are also powerful women in the channel's film and dramas: Vicky McClure in "This Is England"; Lauren Socha in "Misfits"; Meryl Streep in "The Iron Lady", who won the 2012 Golden Globe award for best actress; and Olivia Colman in "Tyrannosaur". Channel 4 has the formidable Baroness King leading its equality and diversity practice and, behind the scenes, it has also tried to tackle some aspects of production where women are under-represented. Channel 4 has placed a special emphasis through its online education projects on working with female writers and developers, a group still under-represented in the digital media.

Those are the statistics and the points that might balance the formidable case made by my hon. Friend the Member for Mid Bedfordshire. I noticed her reference to her spat with Andrew Neil, and I do not know whether she has talked herself out of appearing on "The Daily Politics" in future. I hesitate to make any joke about that, because when I heard that she had described Andrew Neil as an orange, overweight, toupee-wearing has-been, I was going to say that almost all those adjectives probably apply to me.

My hon. Friend made some very serious points and this has been an ongoing issue in the media, which is why we have very good campaign groups such as Women in Film and Television. The organisation Sound Women would not have been created out of thin air—there must have been a problem with women appearing on radio as presenters.

My offer to the hon. Member for Wells and to my hon. Friend the Member for Mid Bedfordshire is to broker a meeting with both of them—if that would be all right with you, Mr Speaker, as they both made formidable contributions to the debate—with the director-general of the BBC, Mark Thompson, and we will sit down and discuss this issue. It is an issue that we must keep pressing at. Some people might regard it as frivolous or something that makes good copy for a parliamentary sketch, but my hon. Friend made a valid and fundamental point: we want to hear a balance of voices on the radio and to see a balance of presenters on the television. We do not want to set quotas or diktats, but we do want to maintain a dialogue and pressure. I look forward to brokering that important meeting.

Question put and agreed to.

10.44 pm

House adjourned.

House of Commons

Tuesday 24 January 2012

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON (NO. 2) BILL [*LORDS*] *(BY ORDER)*

TRANSPORT FOR LONDON (SUPPLEMENTAL TOLL PROVISIONS) BILL [*LORDS*] *(BY ORDER)*

Second Readings opposed and deferred until Tuesday 31 January (Standing Order No. 20).

Oral Answers to Questions

TREASURY

The Chancellor of the Exchequer was asked—

Economic Growth

1. **Mr Robert Buckland** (South Swindon) (Con): What fiscal steps he plans to take to promote economic growth. [91192]

The Chief Secretary to the Treasury (Danny Alexander): The Chancellor is at ECOFIN today.

As the experience of many European countries has demonstrated, loss of control of the public finances is catastrophic for growth. That was why, in the autumn statement, we set out plans to maintain the credibility of our fiscal stance while innovatively using the money that we do have to support home buyers, small firms and infrastructure and to tackle youth unemployment.

Mr Buckland: I was pleased to see in the autumn statement the proposed introduction of the new seed enterprise investment scheme, which will encourage investment in small and high-risk early-growth businesses. What other measures does my right hon. Friend propose to take to encourage equity investment and support for growing businesses?

Danny Alexander: As my hon. Friend knows, at the Budget last year we announced reforms to the enterprise investment scheme and the venture capital trusts scheme, which are subject to state aid approval. The Government are committed to finding innovative ways to invest in new firms, such as the seed enterprise investment scheme, and we will consider further ideas in the future.

John Healey (Wentworth and Dearne) (Lab): The economy has flatlined for more than 12 months since the Chancellor's spending review, unemployment has hit a 17-year high and the national debt has now topped £1 trillion. What has gone wrong?

Danny Alexander: I would have thought that the day on which it has been announced that the national debt has broken the £1 trillion mark would provide a good opportunity for the Labour party to apologise for its catastrophic economic mismanagement that led the country into the mess that the coalition Government are cleaning up.

Mr Andrew Tyrie (Chichester) (Con): The Redknapp case and the public interest in it illustrate the need to reform taxation to ensure that top earners pay what is due. The Chief Secretary will not want to comment on an individual case, but what steps are the Government taking, consistent with the Treasury Committee's report on the principles of tax reform, to ensure that all taxpayers, including top earners, pay the correct amount of tax?

Danny Alexander: Of course, as the hon. Gentleman says, I cannot and will not comment on ongoing individual cases, but he is right to say that the wealthiest need to pay their fair share. That was why we announced in the spending review an extra £900 million of funding for tackling tax avoidance and evasion, which has helped to set up a new specialist unit, which became operational last year, targeting offshore evasion. High-profile tax evasion cases could become more commonplace in future, and our message to tax dodgers is: "No matter how well known you are, how clever you think your accounts are or how far away you hide your money, we are coming to get you."

Rachel Reeves (Leeds West) (Lab): The Chief Secretary says that the Government's fiscal plans are working and that only the eurozone has thrown them off course. Tomorrow, we will know by how much the UK economy grew in 2011, so let me ask him a simple question. In its last forecast, did the Office for Budget Responsibility revise up or down its estimate for growth in the eurozone in 2011?

Danny Alexander: The Office for Budget Responsibility made significant changes to its forecasts for the UK and for other countries. It made a significant change to its forecast for how much damage was done to the UK economy during the time when the hon. Lady's party was in government, suggesting that our economy is now about 13% smaller than it otherwise would have been.

Yesterday was the eighth anniversary of the shadow Chancellor's now infamous Ken Dixon lecture, when he rightly said that long-term interest rates were

"the simplest measure of monetary and fiscal policy credibility".

Then, 10-year gilt rates were 4.76%. Yesterday, they were 2.16%. Case closed.

Rachel Reeves: Given that the Government went to the trouble of setting up the Office for Budget Responsibility, one would expect that the Chief Secretary would read its forecasts. The reality is that it revised up its forecast for growth in the eurozone in 2011 and revised down its forecast for growth in the United Kingdom. The Government like to blame everybody except themselves for the economic troubles. First they blamed the snow, then they blamed the royal wedding, now they are blaming the eurozone. When will they take responsibility for their own actions, which choked off the economic

recovery a year ago by cutting too far and too fast? As a result, they are borrowing an extra £158 billion. That is the cost of this Government's economic failure.

Danny Alexander: Once again, the hon. Lady is wrong in her economic policy pronouncements. The Office for Budget Responsibility has the UK growing more slowly this year, but faster than countries in the eurozone in the next few years. That is a testament to the Government's economic policies. If she wants to know who is at least partly responsible for the mess that the country is in, she should just look immediately to her left. It has come to something when Katie Price's tweets make more sense about the economy than Labour Front Benchers.

Mr Alan Reid (Argyll and Bute) (LD): The economy in our islands will be greatly helped by the reduction in fuel duty that the Government are introducing. Will my right hon. Friend update the House on progress towards introducing that fuel duty discount?

Danny Alexander: I am grateful for the opportunity to do that. The fuel duty discount will come into force for customers, including on the islands in my hon. Friend's constituency, from 1 March. That will reduce the cost of fuel by 5p a litre in the most remote island communities, reflecting the fact that they have the highest cost. The scheme has been open to retailers to register for it since 1 January, and I am pleased to report that almost every retailer has already signed up.

Taxation Changes (Families with Children)

2. **Roberta Blackman-Woods** (City of Durham) (Lab): What assessment he has made of the effects on families with children of taxation changes coming into force in 2012-13. [91193]

The Exchequer Secretary to the Treasury (Mr David Gauke): The Government have taken unprecedented steps to increase the transparency of decision making, publishing detailed analysis of the impacts of individual measures in tax impact notes and presenting the overall impact of tax benefit reforms at fiscal events. The analysis shows that all but the top decile gain from direct tax changes, and that the Government continue to help protect the most vulnerable.

Roberta Blackman-Woods: Research by House of Commons Library and other independent sources shows that, of the £8.1 billion of tax rises and benefit cuts, women are paying £5.8 billion. That is a massive 72%. A further £2.4 billion of cuts will affect families with children. Why are the Government targeting the cuts on women and families? Does not that give the lie to the notion of our all being in this together?

Mr Gauke: We do not accept that. I must point out, for example, that of the 1.1 million people taken out of income tax because of policies that the Government have pursued, the majority are women.

George Freeman (Mid Norfolk) (Con): Will the Minister also confirm that, as well as the 1.1 million people taken out of tax, we are reducing the tax bill of 20 million of the poorest families?

Mr Gauke: Absolutely. It is important to point out that it is not just those who are taken out of income tax altogether who benefit, but the approximately 25 million people overall who receive an increase in personal allowance. That should be supported by hon. Members of all parties.

Yvonne Fovargue (Makerfield) (Lab): The Treasury has admitted that cutting tax credits will lead to an increase in child poverty. Rather than trying to change the definition of child poverty, was not the Prime Minister right in 2006 when he said:

"We need to think of poverty in relative terms"?

Mr Gauke: It is also important not just to think of poverty in terms of moving someone from one side of an arbitrary line based on a percentage of median income to another, but to look more widely. That includes improving poor children's opportunities. The Government, through the pupil premium and other measures, are concentrating on opening up those opportunities.

Charlie Elphicke (Dover) (Con): Will the Minister tell the House how families can have a greater option of part-time working under the taxation changes, and whether they will have more encouragement to work with the introduction of the benefits cap?

Mr Gauke: With the work that my right hon. Friend the Secretary of State for Work and Pensions has undertaken, the Government are determined to ensure that work will always pay and that we do not have people trapped on benefits.

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): Yesterday, we heard the Prime Minister say that jobs in retail are a vital part of the economy. Why are the Government making changes to working tax credits that will hit part-time workers in the retail sector hard? Is that a fair deal for parents who are trying to do the right thing? Can the Minister tell us how many couples who work between 16 and 24 hours a week will lose out, and by how much?

Mr Gauke: We are taking measures to ensure that work will always pay. On the Labour party's complaints, I point out that its flagship policy at the last election to increase national insurance contributions for employers would have hit the retail and other sectors very hard.

COP26 Process

3. **Mr Mike Weir** (Angus) (SNP): What recent discussions he has had with Her Majesty's Revenue and Customs on the operation of the COP26 process. [91194]

The Exchequer Secretary to the Treasury (Mr David Gauke): Ministers have regular meetings to oversee and challenge HMRC business, including the administration of tax credits and the recovery of overpayments.

Mr Weir: I am grateful for the Minister's answer, but does he understand the intense frustration and anger of many of my constituents who repeatedly tell HMRC about errors in tax credits that HMRC does not correct, which subsequently give rise to overpayments? How often can HMRC be allowed to make mistakes and hide behind COP26 to evade any responsibility?

Mr Gauke: I understand the hon. Gentleman's concern—he has raised this matter on behalf of his constituents a number of times. The Treasury and HMRC are always seeking to improve the system. It is in a better place than it was four or five years ago, but none the less, there are still issues. I constantly tell HMRC that we need to find ways to address problems when information is provided but not taken up and used.

National Infrastructure Plan

4. **John Howell** (Henley) (Con): What progress he has made on implementation of the national infrastructure plan 2011. [91195]

The Chief Secretary to the Treasury (Danny Alexander): Work on the implementation of the national infrastructure plan is now under way across Government, led by the Treasury. This month, for example, the Government have approved High Speed 2 to Birmingham and are working to resolve radar interference issues that are holding up wind farm developments. We will update the House on progress at the Budget on 21 March.

John Howell: Does my right hon. Friend agree that the national infrastructure plan is welcome and timely because it is about real investment in our infrastructure and because it shows that the Government are thinking for the long term, both of which will encourage co-investment in those projects?

Danny Alexander: My hon. Friend is absolutely right. The national infrastructure plan sets out a medium-term plan for £250 billion of much needed investment in this country's infrastructure. Alongside that, we brought forward plans at the autumn statement for £6 billion of further investment in capital projects in this Parliament and announced a scheme working with pension funds to get £20 billion-worth of pension fund investment into infrastructure. Those are all the right things to ensure that in the long term, we rebalance our economy and make our infrastructure stronger.

Mr Andrew Love (Edmonton) (Lab/Co-op): With unemployment at 2.7 million and rising rapidly, what contribution will the national infrastructure plan make to reducing unemployment this year and next year?

Danny Alexander: As I said in my answer to my hon. Friend the Member for Henley (John Howell), alongside the national infrastructure plan, we announced in the autumn statement significant new investment in infrastructure projects this year, next year and the year after that, all of which will both contribute to growth in the immediate term and help to build the better infrastructure we need to ensure that our growth is stronger in the medium term.

Unemployment

5. **Seema Malhotra** (Feltham and Heston) (Lab/Co-op): What assessment he has made of the Office for Budget Responsibility's most recent forecast of levels of unemployment in 2012. [91196]

The Financial Secretary to the Treasury (Mr Mark Hoban): In line with the weaker outlook for gross domestic product growth, the OBR has revised up the projected level of unemployment over the near term, peaking at the end of this year before falling. In the autumn statement, the Government committed to important new steps to support private sector job creation and reduce unemployment, such as nearly £1 billion for the youth contract; an initial £1 billion for the regional growth fund; and a £21 billion package of credit easing to support firms and encourage job creation.

Seema Malhotra: I thank the Minister for his answer. The youth claimant count last year in my constituency of Feltham and Heston rose 25.2%. The long-term claimant count for over-50s rose 48%. Both statistics are more than twice the UK average. What measures have the Government taken to tackle unemployment in Feltham and Heston, and when does he expect the number of unemployed to fall?

Mr Hoban: The hon. Lady makes an important point, but let me be clear: as she will know, youth unemployment in her constituency peaked in December 2009—it is actually lower today than it was then. No one should be complacent about youth unemployment, but she should recognise, as the right hon. Member for South Shields (David Miliband) did, that youth unemployment is not a problem that this Government created, and that it is a long-term challenge and grew even when the economy was booming. We are taking steps—such as the youth contract and boosting the number of apprenticeship places—that will benefit every constituency in the country, including hers.

Mr John Redwood (Wokingham) (Con): When will we see more of the details of the credit easing scheme and what is the Minister's forecast of the monthly draw-down for the rest of this year?

Mr Hoban: We are working with banks on the details behind the national loan guarantee scheme. We have set aside £20 billion to enable the rates that are charged to small businesses to fall by up to 1%. The utilisation of the scheme will very much be driven by the demand from businesses for debt finance.

Owen Smith (Pontypridd) (Lab): Yesterday the Chief Secretary appeared not to know too much about what the Work programme was going to do to deal with unemployment. This morning, the National Audit Office tells us that the programme will fail to get a third of the people the Government are targeting back into work. Can Ministers now tell us how much extra this latest failure to tackle unemployment will cost the Exchequer?

Mr Hoban: The NAO's report this morning was based on guesswork. The scheme has not been fully implemented and there are no published figures as yet on the out-turn for the scheme. Let me just say that private sector providers expect that this scheme will be more effective than the schemes put in place by previous Governments.

Matthew Hancock (West Suffolk) (Con): Given the increasing private sector employment levels, have the Government made any assessment of the impact on those levels if we lost all credibility of economic policy by having the sort of incoherence proposed by the Opposition?

Mr Hoban: The levels of interest that businesses in this country pay are determined by the credibility of our fiscal policy. If interest rates rose as a consequence of diverting from the fiscal plan the Government have set out, we would see higher interest rates and that would have a huge impact on families and businesses across the country.

Child Poverty

6. **Sheila Gilmore** (Edinburgh East) (Lab): What estimate he has made of the likely effect on the level of child poverty of the fiscal measures in his autumn statement. [91197]

8. **Kate Green** (Stretford and Urmston) (Lab): What estimate he has made of the likely effect on the level of child poverty of the fiscal measures in his autumn statement. [91199]

The Economic Secretary to the Treasury (Miss Chloe Smith): When measured against previously announced policies, there will be an estimated increase of 100,00 in children living in households with less than 60% of median income in 2012-13.

Sheila Gilmore: We are constantly told by the Government that the way out of poverty is work and that work must pay. Is the Minister prepared to reconsider the decision not to uprate working tax credits this year in terms of inflation while at the same time uprating out-of-work benefits by inflation?

Miss Smith: The reason for that decision was to prioritise the resources we have available on those perhaps least able to deal with the difficulties of the cost of living.

Kate Green: The Chancellor announced in the autumn statement an increase in the number of child care places for disadvantaged two-year-olds, but at the same time we are hearing of cuts to local authority funding for child care, and places are closing. How will the Government guarantee that these new places for disadvantaged children will be additional places and not simply a matter of money being moved out of one pot to pay for another?

Miss Smith: We expect that that policy will be additional in the sense that it is extending it to disadvantaged two-year-olds. We expect 130,000 disadvantaged two-year-olds to be assisted by the 15 hours of free child care, and we certainly expect local authorities to take sensible decisions with the limited resources that they also have.

Harriett Baldwin (West Worcestershire) (Con): With 2 million children living in workless households, does the Minister agree that the essential steps include not only the additional child care places, but the universal credit and the fact that every hour of work will count towards increased reward for the household? That is an essential part of those fiscal measures.

Miss Smith: I certainly do agree with my hon. Friend, and on a couple of counts. First, poverty is not about income: it is about work. I am sure that she will agree that it is a crying shame that under the previous Government the number of children in workless households reached one in every six. I also agree with the chief executive of *The Big Issue*, who says in *The Times* today that

"You don't help the poor by making them dependent on handouts".

Duncan Hames (Chippenham) (LD): Grandparents often play an important role in supporting their children's children. So why is it that the Government's welcome commitment to a more generous state pension bizarrely has the effect of increasing the number of children statistically said to be living in poverty? What is the sense in that?

Miss Smith: My hon. Friend is absolutely right. If I can, I would be happy to provide him with the workings that create that situation. That measure can have perverse effects, but we believe in measures that genuinely take children out of poverty, such as early intervention policies, rather than moving them over an imaginary line.

Bank Lending

7. **Neil Parish** (Tiverton and Honiton) (Con): What steps he is taking to encourage banks to charge competitive rates for loans to small and medium-sized businesses. [91198]

The Financial Secretary to the Treasury (Mr Mark Hoban): At the autumn statement the Government announced the launch of the national loan guarantee scheme. The scheme will provide up to £20 billion of Government guarantees for bank funding, which will lead to a reduction in loan interest rates to smaller businesses of up to 1%.

Neil Parish: I thank the Minister very much for that statement, but businesses in my constituency of Tiverton and Honiton are being held back by the banking sector, which is charging interest rates of up to 20% to financially sound businesses. When and how are we going to get much more competition into the banking sector?

Mr Hoban: My hon. Friend makes an important point. We need to see a more competitive banking system. At the moment we are seeing, for example, the acquisition by Santander of businesses from RBS, which will create a challenger. We have also seen the outline decision by the Co-op to buy branches from Lloyds bank. Those measures, together with the sale of Northern Rock to Virgin Money, point towards a more competitive landscape for banking and will lead to better outcomes for consumers and businesses.

Stewart Hosie (Dundee East) (SNP): It is not only the cost and availability of bank lending that is the problem; it is what the nationalised banks are doing with that debt. They are selling it to private equity firms for discounts of 40% to 50%, which reflects a net loss to the taxpayer-shareholder and fundamentally changes the relationship between the business and the bank. Let me ask the Minister, first, whether he is aware of that; and, more importantly, whether he has any information that would tell him that equity funds have had access to bank records on individual companies that would allow them to cherry-pick the assets they are buying.

Mr Hoban: As the hon. Gentleman will know, the responsibility for commercial decisions is a matter for the management of RBS and Lloyds. He has flagged up a concern, and if he brings forward details of those matters, I will raise them with the chief executives concerned.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Following on from that question. Given that banks can lend only if they have capital and that 80% of financial transactions take place within the financial services industry, so that only 20% result in an end user, can the Minister say what steps the Government are taking to look at the marginal utility of the financial services industry, or what Lord Turner described as its "social usefulness"?

Mr Hoban: My hon. Friend makes an important point. It is vital that banks and other participants in the financial services sector play their full role in supporting growth across the economy and meeting the aspirations of families across the country. It is vital when banks are faced with difficult decisions about how to use their capital that they should focus their efforts on securing lending and boosting economic growth.

Chris Bryant (Rhondda) (Lab): The thing that my constituents who work for Peacocks do not understand is why there seems to be plenty of money in the banks, including RBS, to pay exorbitant bonuses to senior executives, when there is not enough money to keep the company afloat. What will the Government do to try to ensure that those jobs, in a company that is still making money, are protected?

Mr Hoban: I do not want to comment on particular decisions. I am well aware of the concerns that people in the hon. Gentleman's constituency have about the prospect of Peacocks closing. It is vital that banks are in a position to lend to viable businesses. That is why we entered into Project Merlin, which has led to an increase in bank lending compared with last year. That is the right thing to do, and I would encourage the management of Peacocks to engage with the banks and other investors to get the right outcome for them and for their business.

Distribution of Tax Burden

9. **Annette Brooke** (Mid Dorset and North Poole) (LD): What steps he plans to take to ensure that the burden of taxation is fairly distributed. [91200]

The Chief Secretary to the Treasury (Danny Alexander): We are significantly shifting the burden of taxation away from people on lower incomes and on to those with broader shoulders. The bank levy, the increase in capital gains tax, changes to pensions tax relief and the maintenance of the 50p rate all help to enable us to meet our commitment to increase the income tax personal allowance to £10,000, cutting taxes for millions of hard-pressed, hard-working families.

Annette Brooke: I thank my right hon. Friend for that answer. However, the Institute for Fiscal Studies said of the autumn statement:

> "New tax and benefit measures are, on average, a takeaway from lower-income families with children, and giveaway to middle and top of income distribution".

What further approaches will he take in the forthcoming Budget to ensure that we are all in it together, be it a demonstrable crackdown on tax avoidance, perhaps a mansion tax, and certainly more progressive tax measures?

Danny Alexander: Of course, the burden of the deficit reduction is fair overall, and we know that the burden falls most highly on the richest 20% of the population. However, with spending cuts needing to continue for longer—another two years—we need to redouble our efforts, both to tackle tax avoidance and to deliver the income tax cuts that we have promised, by lifting the personal allowance as rapidly as the nation can afford. Those are, of course, issues that we shall be considering in the run-up to the Budget.

Mr Dave Watts (St Helens North) (Lab): Why does the Minister not look at employing more tax inspectors, given that billions of pounds are going unpaid because there are not enough tax inspectors to do the job?

Danny Alexander: Not only have we looked at that; we are doing it. In the spending review, we announced an extra £900 million for HMRC, which is creating an extra 2,000 specialist posts to tackle tax avoidance and tax evasion. It took the hon. Gentleman's party 12 years just to set up a specialist unit at HMRC to deal with high net worth individuals. We have extended that to ensure that there is a specialist unit to deal with the tax affairs of all those who pay, or should pay, the 50p rate.

Executive Pay

10. **Andrea Leadsom** (South Northamptonshire) (Con): What steps he is taking to tackle excessive executive pay. [91201]

14. **Henry Smith** (Crawley) (Con): What steps he is taking to tackle excessive executive pay. [91205]

17. **Nadhim Zahawi** (Stratford-on-Avon) (Con): What steps he is taking to tackle excessive executive pay. [91208]

The Chief Secretary to the Treasury (Danny Alexander): The Secretary of State for Business, Innovation and Skills, my right hon. Friend the Member for Twickenham (Vince Cable), yesterday announced a package of proposals designed to address the market failure in setting executive pay. The proposals represent a major step forward in empowering shareholders, reforming remuneration committees and improving transparency in order to give shareholders the tools that they need in order to control unacceptable rewards for failure.

Andrea Leadsom: What consideration has my right hon. Friend given to a system of three-year rolling executive pay, in which the worsening of performance in one year would lead to a claw-back of remuneration from previous years? Does he think that putting pressure on companies to adopt such a system would be sufficient, or would it be necessary to legislate?

Danny Alexander: My hon. Friend makes a good point. That is already part of the Financial Services Authority's code of practice for banking remuneration. It is particularly important to end the distorting effect

of those kinds of incentives in the financial sector, but the additional powers that we are giving to shareholders, which my right hon. Friend the Business Secretary announced yesterday, will allow companies in other sectors to adopt that kind of practice, should they wish to do so.

Henry Smith: I welcome yesterday's announcement by the Government on mitigating excessive executive pay. With regard to the UK honours system, may I seek an assurance from my right hon. Friend that the Government will be more circumspect in regard to the honours that are suggested, unlike the—

Mr Speaker: Order. I think that the hon. Gentleman might have been groping his way towards order, but he had not quite arrived. We will have to leave it there for today. We are specifically talking about excessive executive pay.

Nadhim Zahawi: In the forthcoming Financial Services Bill, should we not introduce criminal sanctions for gross negligence at the helm of a systemically important bank, to ensure that no rewards for failure would be forthcoming for those who are masters of nothing?

Danny Alexander: That was mentioned explicitly in the Financial Services Authority's report on the failures of the Royal Bank of Scotland. Lord Turner suggested three options for changing the law, and the Joint Committee that has scrutinised the draft Financial Services Bill has recommended that the Government give consideration to the report's recommendations. We agree with that, and we will be publishing a joint consultation document with the FSA later this spring, which will consider a range of possible measures.

Mr George Mudie (Leeds East) (Lab): John Hourican of RBS is expected to get in excess of £4.3 million in his remuneration package in share options alone. When RBS was asked about this, it said that he had met his performance targets, but refused to say what those targets were. On the ground of transparency, will the Chief Secretary agree to put in the Library a copy of the performance targets of the chief executive of RBS and of Mr Hourican?

Danny Alexander: I will certainly look into the matter that the hon. Gentleman has raised, but it was his party that set up the contracts for many of the executives at RBS, and his party that allowed the bonuses to be paid out. It was also his party that awarded Fred Goodwin a knighthood that he should never have been given, so I do not think that we are going to take any lessons on this from him. We have certainly been looking hard at the remuneration proposals for this year, and I can assure him that bonuses will be far, far lower than they were last year.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): May I remind the Minister that, when in opposition, the present Chancellor and the present Prime Minister promised a really tough regime to reduce the gap between the high earners and the rest of the people in this country. Yesterday's announcement showed that they have backed away from that promise, but the people in my constituency want a fair society in the so-called big society.

Danny Alexander: I am certainly not going to attempt to take responsibility for things the Chancellor and the Prime Minister said in opposition, but I can take responsibility for what the coalition Government are doing. The announcements made yesterday by the Business Secretary on tackling executive pay went far further than anything the hon. Gentleman's party did during 13 years in government. That alone should give him pause for thought.

Mark Durkan (Foyle) (SDLP): Giving more powers to shareholders sounds welcome, but we know that their existing powers on executive pay have not been readily used. Should institutional investors not be made more accountable to the millions of ordinary savers whose money is at stake, and does the Chief Secretary believe that the Chancellor would be ready to exercise his reserve powers to make them disclose to their savers how they vote?

Danny Alexander: One of the striking things about how the climate of opinion on this subject is changing in recent times has been the change in attitude of institutional investors. The comments of Otto Thoresen, the head of the Association of British Insurers, for example, to the banks in this remuneration round suggests that such investors are interested in and seized of the importance of ensuring that proper levels of remuneration are paid, not unfair rewards for failure.

Stephen Williams (Bristol West) (LD): The Business Secretary's announcements will give more power to non-exec directors and shareholders to control pay in the private sector. The Government effectively discharge those roles in the public sector, so what measures is my right hon. Friend undertaking to control high pay in the public sector?

Danny Alexander: Ministerial salaries were cut by 5% and then frozen for the whole of this Parliament. As Chief Secretary, I now personally sign off any new pay above £142,000, the equivalent of the Prime Minister's pay. That is a vital deterrent to the cycle of ever higher pay at the top of the public sector—so much so that in central Government alone the number of people paid more than £150,000 has dropped by 55 since May last year. When applications come in, I can and do reject them if I think they are too high. In fact, since May 2010 83 like-for-like cases have sought my approval. Pay was lowered in 45 of those cases and frozen in a further 23, saving more than £1 million a year for the taxpayer, including a £100,000 cut in the pay for the new chief executive of Royal Mail.

Budget Deficit

11. **Mr Virendra Sharma** (Ealing, Southall) (Lab): What assessment he has made of the Office for Budget Responsibility's most recent estimate of the size of the deficit in 2015. [91202]

The Economic Secretary to the Treasury (Miss Chloe Smith): The OBR forecast in November that borrowing in 2015-16 would be £53 billion, which is 2.9% of gross domestic product. That compares with £156 billion last year and £127 billion this financial year.

Mr Sharma: I thank the Economic Secretary for answering the question. Can she tell us why the Government are now forecast to borrow £37 billion more than the more balanced plan Labour set out before the election, despite the pain of £40 billion more spending cuts and tax rises?

Miss Smith: This Government are engaged in a credible deficit reduction plan. I would like to hear the hon. Gentleman and his colleagues tell us what their plan is and whether it veers towards credibility or the policies of the delusional left.

Michael Fallon (Sevenoaks) (Con): What lesson should we draw from Standard & Poor's warning that the UK's rating could come under downward pressure if, against its expectation, the commitment to fiscal consolidation wavers? Should not that warning be addressed to those who want us to cut more slowly and to borrow even more as a result?

Miss Smith: My hon. Friend is absolutely correct. Our policies have kept the UK ahead of the curve. He and others in our House need only look to the French downgrade last week to see the value of the credibility we have restored to the UK economy.

Mr Geoffrey Robinson (Coventry North West) (Lab): Is not the Minister aware that the figures show the total failure of the Government's economic policy—not only on the deficit, but on all the contributory factors? Employment is down, way below their target, and so are growth and private sector employment. On every key index, their policies have failed. They own this policy, they are failing—when will they change it?

Miss Smith: We have a plan A, to which we are sticking because it is working—unlike the policies proposed by the Opposition, which have yet to emerge in any credible detail whatsoever.

UK Current Account Balance

12. **Mr Peter Bone** (Wellingborough) (Con): What recent estimate he has made of the level of the UK's current account balance with the EU. [91203]

The Financial Secretary to the Treasury (Mr Mark Hoban): In 2010, the UK had a current account deficit of £49 billion. That deficit results from a deficits of £48 billion with the EU and of £1 billion with non-EU countries.

Mr Bone: That was a most incredible figure of a deficit of nearly £50 billion to the EU. Does the Minister agree that the Deputy Prime Minister is quite wrong to go around to the television studios claiming that the EU creates 3 million jobs for British workers when it is quite clear from those figures that the EU costs millions of British jobs?

Mr Hoban: My hon. Friend should bear in mind that the deficit on traded goods between the UK and the EU is £43.9 billion but that the deficit outside the EU is even larger at £54.7 billion. We should be encouraging businesses across the UK to invest more and to export more to places in the EU, as well as to Brazil, Russia, India and China. I encourage him to talk to businesses in his constituency and encourage them to export more to close that gap.

Geraint Davies (Swansea West) (Lab/Co-op): Does the Minister accept that, unlike some other EU members, we have flexible exchange rates, flexible interest rates, market access and very limited exposure to the euro bail-out? Is it not time that we invested in a growth strategy to take advantage of those opportunities and build Britain so that it is strong again, getting rid of the deficit to growth and not cutting?

Mr Hoban: The key thing is to have a credible fiscal and economic policy. The Conservative party and this Government have that credible economic policy, whereas the Labour party has no idea where it wants to take the economy. The measures we are taking to tackle the deficit which keep interests rates low are providing the biggest benefit we can give to businesses to help them grow in future.

Economic Growth

13. **Mr David Hanson** (Delyn) (Lab): What assessment he has made of the likely level of economic growth in 2012. [91204]

The Economic Secretary to the Treasury (Miss Chloe Smith): The Office for Budget Responsibility forecast 0.7% economic growth in 2012 and that the economy would grow every year after that within the forecast.

Mr Hanson: With unemployment at a 17-year high, with growth having flatlined over the past 12 months, and with targets for future growth having been missed in every month so far to date, may I gently suggest to the Minister that she should look positively at some of the alternative suggestions that have been made, such as for a cut in VAT on construction, which is supported by the Federation of Small Businesses, to help growth in the next 12 months?

Miss Smith: Like recoveries from all deep recessions, this one has been choppy, and we are facing subdued growth, as the Office for Budget Responsibility has laid out. There are many reasons for that, one of which is that the Labour party simply turned on the taps when it came to spending and left them running. What the right hon. Gentleman has to recognise is that in policies that deal with business we do not pick ones that have an extra £20 billion price tag that cannot be sourced. Perhaps it is his leader who needs to take a lesson in understanding business, as his adviser has said that he "doesn't understand business...there was always something missing."

Christopher Pincher (Tamworth) (Con): Will my hon. Friend congratulate Jaguar Land Rover, BMW, B&Q and John Lewis, among others, on driving down long-term unemployment in Tamworth by a whacking 22%? Does not that demonstrate that it is through the private sector's developing sustainable jobs that we will build sustainable economic growth?

Miss Smith: I certainly will join my hon. Friend in congratulating those firms. It is exactly through the private sector that we will find a more balanced recovery.

I would also like to place on record my interest in the record numbers of apprenticeships in which such firms are participating, such as 440,000 more this year—up by half on the year before.

Credit Card Surcharges

15. **Naomi Long** (Belfast East) (Alliance): On what basis HM Revenue and Customs calculates surcharges levied for handling payments made by credit cards. [91206]

The Financial Secretary to the Treasury (Mr Mark Hoban): Her Majesty's Revenue and Customs is able to levy a reasonable charge for the use of credit cards for payments. There are many other ways in which people can pay their tax bill without paying a surcharge. HMRC also flagged up quite early in the process how much it would cost to pay by credit card. HMRC adopts best practice, and that is why we have decided to extend these practices across business. We are launching a consultation paper later this year on banning unreasonable credit card surcharges.

Naomi Long: I thank the Minister for his answer. We know that the amount charged by different credit card companies varies depending on the transaction amount and the size of the institution receiving the money. Will he undertake to keep this issue under review to ensure that individuals pay only the charge that is levied by the company, and that there is no benefit to HMRC from its making additional charges?

Mr Hoban: The hon. Lady makes an important point. It is absolutely vital that HMRC looks carefully at the costs it incurs in processing credit card transactions and that it charges taxpayers only what are reasonable costs. We want that same approach to be adopted in the private sector as well, as that would bring huge benefit to consumers.

UK's Credit Rating

16. **Mr Stewart Jackson** (Peterborough) (Con): What steps he is taking to maintain the UK's triple A credit rating. [91207]

The Financial Secretary to the Treasury (Mr Mark Hoban): The Government's macro-economic strategy is designed to protect the economy through this period of instability, and to lay the foundations for a stronger, more balanced economy in the future. The autumn statement set out a comprehensive plan to return the public finances to a sustainable position and meet the Government's fiscal targets. In recent months, the major credit rating agencies have reaffirmed the UK's sovereign credit triple A rating, with a stable outlook.

Mr Jackson: Does the Minister agree that the systemic risk to our triple A credit rating is unlikely to be ameliorated by a form of state-sponsored laundering of UK taxpayers' money through the International Monetary Fund to the failed eurozone, which hitherto has not received the confidence of the bond markets?

Mr Hoban: My hon. Friend raises an issue about resources for the IMF. It is absolutely vital that the IMF has the resources it needs to play its part in ensuring that there is a stable global economy, which is in our economic interest. My right hon. Friend the Chancellor has said that if there is a request from the IMF for more resources, he will look at it carefully. If he agrees to the request, and the amount requested exceeds the limit in place at the moment, we shall seek parliamentary approval, but it is absolutely vital, and in our interest, to ensure that there is a stable global economy, because that is of benefit to the UK economy. I hope that the Opposition have changed the approach they adopted last year of opposing increases in the IMF subscription.

Steve McCabe (Birmingham, Selly Oak) (Lab): With borrowing set to grow by £158 billion more than the Government planned, how many more miscalculations can the Minister afford before the precious credit rating goes the same way as all the other economic indicators?

Mr Hoban: Let me just tell the hon. Gentleman what Moody's said in December last year:

> "The currently stable outlook on the government's Aaa rating depends in part on the assumption that the government will stay on track with its fiscal consolidation programme."

We will stay on track. The Opposition, with their policies on debt and borrowing, would throw this country off course, leading to higher interest rates that would hit families and businesses. We will stick to our course.

Topical Questions

T1. [91218] **Nicky Morgan** (Loughborough) (Con): If he will make a statement on his departmental responsibilities.

The Chief Secretary to the Treasury (Danny Alexander): The core purpose of the Treasury is to ensure the stability of the economy, promote growth and employment, reform banking, and manage the public finances so that Britain lives within her means. I am pleased to tell the House that the Chancellor has decided to reappoint David Miles as external member of the Monetary Policy Committee of the Bank of England. This morning, the Chancellor wrote to the Chair of the Treasury Committee to make the Committee aware of the reappointment, and it will decide whether to hold reconfirmation hearings. Mr Miles's knowledge of the UK economy and his background in the financial sector will be invaluable to the Monetary Policy Committee through this challenging period.

Nicky Morgan: The Government's plans to index-link public sector pensions to the consumer prices index rather than the retail prices index have been the subject of much debate in the House. Has the Treasury received any representations or support for that approach from private sector organisations that are planning to make changes to their pensions?

Danny Alexander: It is a very good question. We made that change, which has had an effect on public service pensions, for good reasons. The change has been made in many private sector organisations—most recently, I read, in the Labour party's pension scheme. The Opposition's attacks on the move being ideologically driven are belied by the decisions they have had to make because of the deficit their party is running.

Ed Balls (Morley and Outwood) (Lab/Co-op): With the Chancellor away in Brussels in his new role as an observer at European Finance Ministers meetings, it is nice to welcome the Chief Secretary to his new starring

role at Treasury questions. I am sure he will know, although he has not told the House, that in the last 15 minutes the International Monetary Fund has announced that it is once again downgrading its growth forecast for the UK economy, saying that action is now needed to support economic activity in Britain. With unemployment rising too, continued pay restraint is now inevitable, but it must be done fairly, so let me ask the Chief Secretary this. In 2010, he promised a £250 rise for every one of the 1.7 million public sector workers paid less than £21,000 a year. Can he tell the House how many of those low-paid public sector workers actually got the £250 rise?

Danny Alexander: It is good to see the shadow Chancellor after the Christmas recess. Many of us who missed the chance to go to a panto over Christmas have enjoyed the Opposition's pantomime economic policy changes. It is not clear whether today the right hon. Gentleman supports cuts or opposes them, but this is one show that will run and run. On the point about public sector pay, for all work forces under central Government control, the £250 was paid in full.

Ed Balls: Bluster. The right hon. Gentleman is worse than the Chancellor of the Exchequer, and there was no mention of the IMF growth downgrade. The answer is that less than half of those low-paid public sector workers got the rise. Almost a million did not get the £250 increase that they were promised by the Treasury. Last week, we urged the Chancellor to ask the pay review bodies to make the 1% cap fair this time, with restraint at the top, so that we can have pay rises at the bottom. Have the Chief Secretary or the Chancellor written to the pay review bodies? Will they guarantee a fair way forward on pay restraint, or will we just get more broken promises from this Chief Secretary to the Treasury?

Danny Alexander: Of course, the people to whom the right hon. Gentleman refers are local authority employees. Many local authorities did pay the £250, including some Liberal Democrat-controlled local authorities. I am not aware of any Labour local authorities paying the £250, so perhaps he should look within his party before deciding which side of the House was most effective at ensuring that the benefit was paid directly to the lowest-paid. Of course, we have had to take the difficult decision to continue pay restraint, with a 1% cap for the following two years. The pay review bodies will be very involved in making recommendations for those two years, starting, of course, in the parts of the civil service that come out of the pay freeze earliest. The IMF has repeatedly made the point that the Government are right to stick to their fiscal consolidation strategy, and we will.

T2. [91219] **Michael Ellis** (Northampton North) (Con): Does my right hon. Friend by any chance agree with the right hon. Member for Kingston upon Hull West and Hessle (Alan Johnson), who said:

"promising no cuts, no jobs losses and continued levels of public expenditure...is the policy of the delusional left who will never gain the public's trust"?

Danny Alexander: That is a very wise quote. Of course, the policy of the Labour party is in increased confusion since the shadow Chancellor made his speech. It is a little-known fact that when he made it, he also signalled his opposition to more than £20 billion of this Government's deficit reduction measures, and since he made that announcement, his party in the House of Lords has opposed a further £2 billion of welfare reforms, which rather suggests that the conversion to fiscal credibility is skin-deep at best.

T6. [91223] **Rushanara Ali** (Bethnal Green and Bow) (Lab): My constituency now has one of the highest youth unemployment rates in the country, and the highest level of child poverty at 51%; that is compared with 7% in the Prime Minister's constituency. Will the Minister admit that his Government are not serious about child poverty, and have completely failed to tackle youth unemployment?

Danny Alexander: No, I will certainly not say that, not least because youth unemployment rose by 40% when the Labour party was in government. I hope that the hon. Lady will welcome the youth contract that we announced, which is a great deal more ambitious than the package put forward by her Front Benchers; the Work programme, which is delivering real results for people up and down the country; and the investment in child care that will help women to go out to work, as well as men. Those are all things that help people to find work in these very difficult times.

T3. [91220] **Andrew Jones** (Harrogate and Knaresborough) (Con): I warmly welcome the work being done by the Office of Tax Simplification, but does the Exchequer Secretary agree that we can do more to boost tax transparency, for example by providing all taxpayers with an annual statement on how their hard-earned tax pounds are spent?

The Exchequer Secretary to the Treasury (Mr David Gauke): My hon. Friend raises an interesting point. In November, the Government and Her Majesty's Revenue and Customs published a consultation paper on exactly those lines, and I very much look forward to the ten-minute rule Bill that my hon. Friend the Member for Ipswich (Ben Gummer) will introduce tomorrow, which makes that proposal. We should all agree that we should do everything that we can to make tax and spending as transparent to the public as possible.

T8. [91225] **Kerry McCarthy** (Bristol East) (Lab): The Public Accounts Committee has

"serious concerns that large companies are treated more favourably than other taxpayers"

by HMRC.

That once again gives the lie to the Government's claims that we are all in this together. What action will the Chancellor or the Minister take to ensure greater transparency and accountability in HMRC, and to assure ordinary taxpayers who are struggling to pay their bills this month that companies will also pay their full share?

Mr Gauke: The Government will respond in detail to the PAC report shortly, but it is only fair to point out that, in recent years, HMRC's yield from large companies has increased substantially. Indeed, we have provided, as part of the spending review settlement for HMRC, additional resources to get more out of large businesses, so that we ensure that they pay their fair share.

T4. [91221] **John Glen** (Salisbury) (Con): How much revenue does the Treasury expect HMRC to receive as a result of recent measures to reduce tax avoidance, and how much does the Minister estimate could be accrued from tax exiles who make £100 million in this country, clear off to Switzerland for five years, and then come back and advise the Leader of the Opposition?

Mr Gauke: As a consequence of the measures that we announced last year to tackle avoidance, we believe that something like £1 billion will be raised, £750 million of that relating to disguised remuneration, a policy that was opposed by Labour. I cannot talk about individual advisers to the leader of the Labour party and their tax affairs, but if such a person is advising the Labour leader, as far as we are concerned he is doing a great job and should carry on.

Jonathan Ashworth (Leicester South) (Lab): Can the Chief Secretary confirm, so that we are clear, that the Chancellor is set to borrow more and debt is set to be larger than it would have been, had the Government followed the path of my right hon. Friend the Member for Edinburgh South West (Mr Darling)?

Danny Alexander: I certainly cannot confirm that debt is higher than it would have been if we had followed the path advocated by the Opposition. That path was leading to lack of economic credibility. When this coalition Government came into office, our credit rating was on negative watch from one credit rating agency, and it is only because we have taken tough action to deal with the deficit that we have got our spending under control, we are reducing our deficit and we have established this country's credibility on the international markets, which was in considerable doubt under Labour.

T5. [91222] **Sir Robert Smith** (West Aberdeenshire and Kincardine) (LD): Can the Minister update the House on lessons learned from the Fiscal Forum on how to maximise investment in jobs in UK oil and gas production?

The Economic Secretary to the Treasury (Miss Chloe Smith): I certainly can, and I welcome my hon. Friend's interest in this policy area, based on his constituency experience. The Government have been clear that they want to see the oil and gas industry thrive, given its importance for jobs and growth around the country. Ministerial colleagues, officials and I continue to engage the industry in ongoing constructive dialogue to understand the challenges facing it.

Huw Irranca-Davies (Ogmore) (Lab): The Minister confirmed today that 100,000 more children will be put into poverty as a result of the changes to tax credit. Can the Minister explain to the House, the country and my constituency why it is fair that three times as much will be taken from tax credits as will be raised in additional taxes on the banks?

Miss Smith: What the hon. Gentleman needs to acknowledge is that we have a sustainable way of including the banks in our public spending and public taxation plans; under his party's plan, that revenue would have been spent five times over, if not more, and that is if it were done over multiple years, as ours is.

T7. [91224] **Mel Stride** (Central Devon) (Con): Youth unemployment under the previous Government grew by more than 40%. That is 277,000 more young people out of work from the time they first came to office. Does my right hon. Friend agree that the best way to tackle youth unemployment is not to invest in wasteful schemes such as the future jobs fund, but to invest in skills for young people, which means apprenticeships, which this Government are delivering?

Danny Alexander: My hon. Friend is right to point out that youth unemployment has been rising since 2004, which suggests that it is a deep-rooted structural issue in our economy, not just the subject of political knockabout at the Dispatch Box. That is why we are, as a Government, investing far more in apprenticeships. That is a very good way to give young people the skills that they need to survive and thrive in today's labour market. That is why, in relation to youth unemployment, we will not be deflected from the path that we are on.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): The Government's national insurance holiday for new companies to employ new workers has been acknowledged by the Prime Minister to be a flop. So far just £6 million has been spent on supporting jobs and £12 million in administering them, out of a budget of £1 billion. Will the Minister consider taking the advice of the Federation of Small Businesses and extending that support to all small businesses prepared to take on new staff?

Mr Gauke: The take-up has indeed been disappointing, but there have been 12,000 successful applications and we estimate that about 40,000 jobs have been supported in total. There are 17 participating businesses in the hon. Gentleman's constituency. If I may correct him on one thing, the administration costs are not £12 million, but £325,000. As for extending the scheme further, we have to bear in mind the cost. We are concerned about that, even if the Opposition are not.

T9. [91226] **Sir Alan Beith** (Berwick-upon-Tweed) (LD): I thank the Chief Secretary to the Treasury for his help in securing the extension of the north-east enterprise zone into Northumberland, which could bring jobs to my constituents in south-east Northumberland. Will enhanced capital allowances be available within the extended area?

Danny Alexander: My right hon. Friend has worked assiduously on behalf of his constituents to ensure that the enterprise zone includes the port of Blyth and the land at East Sleekburn, which will enable private sector firms to come into the area blighted by the problems at Alcan. Capital allowances will of course be available within the enterprise zone, and that will certainly include this territory.

Caroline Lucas (Brighton, Pavilion) (Green): The huge reserves of coal, oil and gas held by companies listed in the City of London have been called a sub-prime asset, because the global drive to reduce emissions is likely to cause fossil fuel reserves to lose value. Has the Minister any plans to ask the Financial Policy Committee to examine the impact of over-exposure to high-carbon assets by London listed companies, and what other plans has he to remove the carbon bubble from our financial system?

Danny Alexander: The hon. Lady asks a good question. The Government's priority in this regard is precisely to support the expansion of renewable energy, which is a vital part of our future energy strategy. That is why it is a key priority in the national infrastructure plan and why we are investing £3 billion through the green investment bank to stimulate investment. The high price of oil and fuel at the forecourt suggests that that asset is not declining as quickly as she suggests.

Jessica Lee (Erewash) (Con): Does my hon. Friend agree that local enterprise partnerships, such as Erewash Partnership in my constituency, play a vital role in advising SMEs on the difficulties with the availability of credit and can provide an overview for banks and the Government on the current concerns?

The Financial Secretary to the Treasury (Mr Mark Hoban): My hon. Friend makes an important point. It is absolutely vital that businesses and banks engage together to understand the challenges businesses face. We have taken a number of measures through the seed enterprise investment scheme, relaxing the rules on venture capital trusts and enterprise investment schemes, to encourage more equity funding for business. We are working closely with the banks to ensure that we do all we can to reduce the cost of funding to SMEs.

Jim McGovern (Dundee West) (Lab): Yesterday I found myself again agreeing with a Government Minister, at least in part, when the Under-Secretary of State for Work and Pensions, the hon. Member for Basingstoke (Maria Miller) said in answer to a question from my hon. Friend the Member for Midlothian (Mr Hamilton) that the most sustainable way to reduce child poverty is through parents going to work. GMB, my old trade union, today published a study showing figures suggesting that, on average, eight jobseekers are chasing every vacancy in Scotland, and unfortunately in Dundee the figure rises to 12 jobseekers for every vacancy. What are the Government doing to address this scandal, and are they working with the Scottish Executive on the matter?

Danny Alexander: I am sorry if agreeing with a Government Minister makes the hon. Gentleman uncomfortable, but he is of course right that work is the best route out of poverty. That is the driving force behind our welfare reforms, the Work programme, which is the most extensive initiative ever undertaken to help people off benefits and into work, and our youth contract. Of course the country is in very difficult economic circumstances, but the Government are doing everything we can to support people off benefits and into work for precisely the reason he gives.

Mr Speaker: Order. I am sorry to disappoint colleagues, but questions to the Treasury team, rather analogous to questions to the Foreign Secretary and his colleagues, tend to beat the box office records. We must now move on.

EU Sanctions (Iran)

3.33 pm

Robert Halfon (Harlow) (Con): *(Urgent Question)*: To ask the Foreign Secretary if he will make a statement on EU sanctions relating to Iran and the threat from Iran to close the strait of Hormuz.

The Secretary of State for Foreign and Commonwealth Affairs (Mr William Hague): Yesterday I attended the EU Foreign Affairs Council in Brussels, where member states agreed a new and unprecedented set of sanctions against Iran. These include a phased oil embargo, a partial asset freeze of the central bank of Iran, measures against Iran's petrochemical sector and a ban on Iranian transactions involving gold. This is a major increase in the peaceful, legitimate pressure on Iran to return to negotiations over its nuclear programme. It follows the financial measures that the United Kingdom imposed on 21 November and the widening of EU measures on 1 December. Sanction measures, often close to those of the EU, have been adopted by the United States, Canada, South Korea, Norway, Switzerland and Japan. These are in addition to the sanctions imposed by the United Nations Security Council. At our joint press conference this morning, the Australian Foreign Minister announced that his country will replicate these new EU sanctions, and we will urge other nations to do the same.

Iran is in defiance of six United Nations Security Council resolutions, which call on it to suspend its uranium enrichment programme and to enter negotiations. Its recent decision to enrich uranium to 20% at an underground site in Qom demonstrates the urgent need to intensify diplomatic pressure on Iran to return to negotiations. The programme has no plausible civilian use, and Iran tried to keep it secret.

The International Atomic Energy Agency has expressed serious concerns about the possible military dimensions of Iran's nuclear programme, and Iran is now in breach of 11 resolutions of the IAEA board of governors.

Sanctions are a means to an end, not an end in themselves. Our objective remains a diplomatic solution that gives the world the confidence that Iran's nuclear programme is for purely peaceful purposes. We are ready to talk at any point if Iran puts aside its preconditions and returns to negotiations.

Iranian Vice-President Rahimi was reported as saying in December:

> "If sanctions are adopted against Iranian oil, not a drop of oil will pass through the Strait of Hormuz."

It must be borne in mind, however, that 95% of Iran's oil exports, representing more than 80% of its foreign earnings, transit the strait of Hormuz, so it is very much against Iran's interests to close the strait to oil exports.

Britain maintains a constant presence in the region as part of our enduring contribution to Gulf security, and the Royal Navy has been conducting such patrols since 1980. At the weekend, HMS Argyll and a French vessel joined a United States carrier group transiting through the strait of Hormuz. This was a routine movement, but it underlined the unwavering international commitment to maintaining rights of passage under international law. Any attempt by Iran to block the strait would be both illegal and unsuccessful.

We call on Iran to answer the questions raised by the International Atomic Energy Agency, to adhere to the UN's Security Council resolutions, to suspend its enrichment programme and to return to the negotiations that are the only way of reaching a peaceful and long-term settlement in its dispute with the international community.

Robert Halfon: I am grateful to you, Mr Speaker, for granting this urgent question, and to the Foreign Secretary.

Iran is at crisis point. It is the new Soviet Union, of the middle east. It supports terrorism, undermines democracy and is trying to stop the Arab spring in Syria, but now we are threatened by an Iranian nuclear bomb, which risks the security of the Gulf states, Israel and the whole region.

Two weeks ago, Iran admitted that it had begun enriching high-grade uranium, and the regime is now threatening to close the strait of Hormuz, which deals with more than 20% of internationally traded oil. The UK Government could not have done more to try to contain the problem, with unprecedented action to isolate Iran's financial sector by the Chancellor, and the extra EU sanctions imposed this week by the Foreign Secretary, but the question must now be asked: are we facing the prospect of a nuclear dictatorship in the middle east?

In the past, nuclear deterrents worked because of mutually assured destruction, but for MAD to work one has to be sane, and the Iranians have said that they would be happy to use nuclear weapons. Will my right hon. Friend set out to the House what military action Britain and the allies are planning in the strait of Hormuz? Will he explain what will happen if the latest economic sanctions do not work? What more is being done to bring Russia and China to the UN table?

Most people would accept that Britain has shouldered its fair share of the burden in tackling dictators, but it seems clear that the free world must send a message to Iran that, if it continues with its nuclear plans, it will lead to military action. No one wants war, but tragically it is looking increasingly possible. As *The Times* says today:

> "One of the greatest civilisations in history has been superseded for a generation by an extremist regime perpetrating repression at home and aggression beyond its borders."

Mr Hague: I am grateful to my hon. Friend, who pointed out at the beginning of his contribution that there are many grounds for quarrels with the Iranian Government, although I stress that this is not a quarrel with the Iranian people. The human rights record and much of the international behaviour of the Iranian Government, such as the recent plot to assassinate the Saudi ambassador in Washington—in addition to the nuclear programme—give grave cause for concern to the international community. But it is because there is a very serious danger of the wider proliferation of nuclear weapons across the middle east if Iran were to develop nuclear weapons capability, that this issue must be confronted and that we and our European partners, and so many other allies, take the strong stance that we do. I stress that we do so very much in the interests of avoiding conflict; this set of actions is not designed to lead to conflict, but to lead us away from it by increasing the pressure for a peaceful settlement of these disputes.

I say to my hon. Friend that we have contingency plans for many contingencies—including, as my right hon. Friend the Defence Secretary said at our press conference this morning, for sending any further naval forces to that area. But we are not planning to take military action in the Gulf. We call on Iran to return to the negotiations that are, at all times, available to it.

Mr John Spellar (Warley) (Lab): May we welcome the Foreign Secretary's comments? I apologise for the absence of my right hon. Friend the shadow Secretary of State, who is in Brussels today. We also welcome the extensive international engagement in this policy—not only from our European partners but, as the Foreign Secretary said, from our long-standing friends and allies from Australia, whose Defence Minister, Stephen Smith, and Foreign Minister, Kevin Rudd, are in town today to show their support.

Will the Foreign Secretary outline the reaction from the main oil consuming countries in Asia, which have a higher dependence on Iranian oil, to the policy of a ban on crude oil imports from Iran and, equally importantly, on the export of refined products back to Iran? Given the effect that these necessary sanctions will have on already vulnerable economies in southern Europe, will he indicate what measures are being taken to protect those economies?

In the wider context, will the Foreign Secretary outline how much support this policy has managed to garner at international level—particularly from Russia, China, India and Japan? The ban by Russia and China on supplying military equipment, as well as training and maintenance, is most welcome, but what assurances are they giving that that will be continued and what influence are they exerting on Tehran to ensure a more responsible attitude from the regime?

In that context, on the diplomatic front we have seen reports that, at a meeting in Moscow on 18 January, Russian officials presented the Iranians with a proposed framework for negotiations with the P5 plus one, possibly based on Russian proposals made in August. Will the Foreign Secretary report to us any feedback that he has had from the Russians?

The right hon. Gentleman rightly stressed that we have no quarrel with the Iranian people. Before the Arab spring, there was the green movement in Iran, where we saw huge numbers on the streets of Tehran and other Iranian cities seeking reform. Although it was barbarically repressed, it showed the very considerable public alienation from the regime. What assessment has he made of the state of public opinion in Iran and of divisions in the political elite?

What weight do the Government give to the threat by Iran to attempt to close the strait of Hormuz? Do they intend to participate in any international naval taskforce to keep the strait open? Given the defence cuts, can the right hon. Gentleman guarantee that vessels could be made available? What agreement have the Government obtained from other P5 countries for such action, as well as from those in the Gulf?

Finally, although we support the steps being taken to bring pressure to bear on the Iranian regime, all of us recognise the fragility of growth in the European economy at the moment. Given the importance of oil imports to that growth, will the Foreign Secretary assure us that the economic impact of the steps taken have been discussed with the Chancellor and that contingency plans are in place?

Mr Hague: I am grateful to the right hon. Gentleman for his supportive remarks and welcome for the broader international engagement and endorsement of our policy. He is right to draw attention to the visit of the Australian Foreign and Defence Ministers, which, as in so many ways, has been very helpful in this regard.

I shall not necessarily take the right hon. Gentleman's questions in the order in which he asked them. On the question about the political situation in Iran, of course that can sometimes be difficult to interpret from the outside. There are many reports of deep divisions within the Iranian Administration—sometimes, of such divisions between the supreme leader and the President, although not necessarily about this issue. As the right hon. Gentleman said, at the time of the last presidential elections in Iran, we saw signs of deep discontent among the ordinary people of Iran. Sadly, such is the repression and the appalling human rights record of the Iranian Government that the people of Iran do not have much opportunity to voice their discontent. The principal opposition leaders are under house arrest. Iran, alongside China, conducts one of the largest numbers of executions in the world, with 50 executions already so far this year. It is an appalling human rights record that does not help anybody in giving voice to their real opinions.

The right hon. Gentleman asked about Asian countries. Japan has indicated over the past few weeks that it would not increase its oil imports from Iran and has mirrored some of the sanctions that the European Union has taken before. China has expressed its concern about recent developments within Iran, including during Premier Wen's visit to the Gulf in recent days. In Qatar, he particularly remarked on China's growing concern when he said that it

> "adamantly opposes Iran developing and possessing nuclear weapons."

Indeed, last month China approximately halved its oil imports from Iran, although I must point out that that is not because China necessarily agrees with this approach. Moreover, given its dispute with Iran about credit terms, it is expected to continue its halving of oil imports through February. In general, the demand for Iranian oil from the main Asian economies is down over recent weeks and is not replacing revenue that Iran will lose from the European Union.

On vulnerable economies, it is largely because of Greek concerns and Greece's importation of large quantities of oil that we are phasing in this embargo, which will come into full effect on 1 July. We and many other countries would have preferred an earlier date, but we were happy to settle for that to give Greece time to adjust. If there are any difficulties for Greece and its energy supplies after that, we will of course all try to assist.

Russia has been promoting what it calls a "step-by-step" approach to negotiation. It is true that it has been pushing Iran hard to return to talks. Like the rest of the E3 plus 3 countries, Russia wants a diplomatic breakthrough. In discussion with us—also one of the E3 plus 3—it has not been able to confirm that Iran is serious about negotiations, but I am sure that Russia and China will continue to press Iran, in a different way

[Mr Hague]

from us, to return to negotiations. In the meantime, we, like so many nations of Europe, the United States and, as I have pointed out, many other parts of the world will increase the pressure on Iran to do so.

Sir Menzies Campbell (North East Fife) (LD): I am sure that my right hon. Friend would have no difficulty in agreeing that the environment of the strait of Hormuz is potentially extremely dangerous. Having regard to the nature of our relations with Iran at the moment, what steps has he been taking to enlist the support of countries that have better relations with Iran than ourselves to ensure that it exercises restraint in the strait of Hormuz and does not, to put it rather dramatically, cause a conflagration?

Mr Hague: We certainly talk a great deal to countries that have excellent relations with us and better relations with Iran than we have. That is one of the ways we try to understand the Iranians' position and to make clear to them our position and our resolve on these issues. We do that with countries such as Oman and, in particular, Turkey. I discussed the situation at length with the Turkish Foreign Minister last week. All those countries use their good offices on Iran to say that it should exercise restraint, and I know that they will continue to do so. Moreover, all common sense goes in the direction of exercising restraint because, as I have pointed out, 95% of Iran's oil exports go through the strait of Hormuz, and it has to factor that into any calculation that it makes about what to do there.

Mr Jack Straw (Blackburn) (Lab): I chair the all-party group on Iran with the hon. Member for Wyre and Preston North (Mr Wallace).

While I understand the decisions that have been made by the European Union, may I press the Foreign Secretary on what action he is taking to reinvigorate the E3 plus 3 formation, which was absolutely critical in getting the six Security Council resolutions to which he refers? My anxiety about these sanctions is that without China and Russia on board there will be the most substantial leakages.

Secondly, I want to press the Foreign Secretary on the issue of military action. We know that there are strong demands in parts of the Israeli Administration for unilateral action, and that is running into the United States' presidential election. Does the Foreign Secretary accept that the United Kingdom has to set out a policy on this matter? Does he also agree that we should not in any way, including through Diego Garcia, participate in any kind of military action without the clearest legal basis from the Security Council?

Mr Hague: The E3 plus 3 is indeed the basis on which to take forward negotiations and it is still available to do so. Last year, there were negotiations between Baroness Ashton, the EU High Representative, on behalf of the E3 plus 3, and Iranian representatives. Those did not get anywhere because of the preconditions that Iran attaches to any discussion of these matters, which amount to the dropping of all sanctions at the beginning and the recognition of Iran's right to enrichment at the beginning. That is not much of a basis on which to negotiate about those things. It has not been possible, despite the best efforts of all six countries and the European Union, to have a successful negotiation. The door remains entirely open to that, as Baroness Ashton stressed again and as I stressed yesterday. That remains the framework in which we would like to have these discussions. China and Russia are continuing, rightly, to press Iran on this. That process remains very much alive. It does not require reinvigoration, but it does require Iranian engagement.

The right hon. Gentleman asked about military action. I stress that we are not calling for, or advocating, military action. It is the job of our armed forces to prepare for many contingencies, but we are not calling for that. We have successfully called for and introduced what I hope will be effective sanctions because we do not want a military conflict. He knows that when we became engaged in a conflict under a UN resolution in Libya last year, we came to the House of Commons for the authority to do so. That is how we will approach any conflict anywhere in the world.

Several hon. Members *rose—*

Mr Speaker: Order. Accommodating the level of interest in this matter will require brevity, which will be exemplified, I am sure, by the Chairman of the Foreign Affairs Committee.

Richard Ottaway (Croydon South) (Con): I welcome the Foreign Secretary's approach. The challenge is how to tighten our grip on the Iranian economy without damaging our own. Has he received assurances from other oil producers, such as Saudi Arabia, that they can up production to replace the oil that will not be coming to Europe?

Mr Hague: No. It is a matter for each country to decide whether to change its oil production. This and many other factors affect the oil market. The price of oil is very similar today to what it has been over the past few months. Yesterday, the main benchmark price was $110 per barrel. That is a couple of dollars different from the price in December, which covers the period in which the discussion about sanctions and the strait of Hormuz has been going on. Many other factors affect the oil market. Some countries are increasing their oil production anyway. Iraq is planning huge increases in oil production and some Libyan oil production is coming back on stream. There are many forces at work, both positive and negative, in the oil market. We should not, therefore, exaggerate the effect of this measure.

Keith Vaz (Leicester East) (Lab): I fully support what the Foreign Secretary has said today. When he last addressed the House on this question, I asked about the effect of this diplomatic crisis on the 75,000 British Iranians who live in this country and on those who wish to visit them from Iran. He said that he would name a third country to which applications could be made. What is the name of that third country?

Mr Hague: That issue remains a concern. The right hon. Gentleman is right to suggest that an unwanted side effect of the Iranian invasion of our embassy compound, the closing of our embassy there and the consequent closing of the Iranian embassy here is that

it is harder for Iranians to visit this country and to get a visa to visit this country. Of course, British nationals in Iran can seek assistance from other EU embassies in Iran. We do propose to name a third country. We have identified that country and it has, in turn, approached Iran for permission to act. However, Iran has not yet given that country permission to act on behalf of the United Kingdom. The delay is with Tehran, not with London.

Tony Baldry (Banbury) (Con): Given the recent international behaviour of the Iranian Government, is not one of the sad truths that we cannot trust any of the undertakings that they give? We therefore need two things from them—not simply an unconditional return to negotiations but preparedness to give unfettered access to International Atomic Energy Agency inspectors to go wherever in Iran they want to. That would give them the competence to find out whether Iran was complying with whatever it told the international community it was doing.

Mr Hague: Yes, my hon. Friend is absolutely right. The verification of any agreement with Iran would be very important, and the presence of IAEA inspectors there is crucial. I referred earlier to the enrichment of uranium to 20% at the underground facility that Iran has built in Qom, which my hon. Friend will remember Iran kept secret for a long time. It was exposed by western nations including the United Kingdom, and if that had not happened, Iran would probably have kept it secret to this day. The level of trust is not very high.

Jeremy Corbyn (Islington North) (Lab): Iran remains a member of the nuclear non-proliferation treaty, and the last review conference called for a nuclear-free middle east. There is, however, one nation in the middle east that does have nuclear weapons, and that is Israel. Does the Foreign Secretary not think that it would be useful if we took up the suggestion of the NPT review conference to convene a denuclearisation conference of all nations in the region, in order that there could be direct talks? Iran would then be in a position to give assurances that it had no intention or wish to develop nuclear weapons.

Mr Hague: Indeed, the commitment to have such a conference in 2012 was given at the NPT review conference in 2010, and plans are going ahead for that conference. Of course, it does not help anyone trying to persuade Israel not to have nuclear weapons if Iran continues a nuclear weapons programme that would have the effect, if it were brought to fruition, of many other nations in the middle east pursuing a nuclear weapons programme. That is absolutely the wrong way to go about trying to persuade Israel to adhere to the non-proliferation treaty.

Mr Ben Wallace (Wyre and Preston North) (Con): I, too, declare that I am a co-chairman of the all-party group on Iran.

If an ordinary Iranian looks out from the inside, he will see that he is surrounded by Israel, Pakistan and India, all countries that developed a nuclear weapon illegally without any UN checks and still refuse to sign any UN undertaking. What message does the Foreign Secretary have for ordinary Iranians that the reason for what we are doing is that something different is going on in this case and that the rewards and the outcome are worth it?

Mr Hague: That is a very important question. The reason something different is happening is partly because of one of the factors to which I was just referring—we can be fairly confident that if Iran develops a nuclear weapons capability, other nations will seek to do so. That will not help the security of the people of Iran; it will simply mean that the world's most unstable region starts to have a large number of the world's most destructive weapons. That is not in the interests of the people of any of the countries there. Secondly, Iran's record of concealment, which we have just discussed, and statements by the President of Iran that have included his saying at one stage that Iran would like to wipe Israel off the map, create a focus of attention on Iran's nuclear plans to an even greater degree than on those of any other country.

Mr Denis MacShane (Rotherham) (Lab): The Foreign Secretary referred to our oldest D-class frigate, which was in the flotilla that just went through the strait of Hormuz and displaces less than 5,000 tonnes, but without aircraft carrier power Britain can have no maritime power projection. I wish our Foreign Secretary well, and I do not want him to go into the conference chamber naked, so will he talk to Brazil, Argentina and Thailand, which have had the good sense to keep their aircraft carriers, and see whether we can borrow or sub-let one while the crisis unfolds?

Mr Hague: Our frigate sailed through the strait of Hormuz in the company of the USS Abraham Lincoln, one of the most powerful aircraft carriers on earth.

Mr John Baron (Basildon and Billericay) (Con): Given that Iran is a state in transition, with multiple centres of authority, I suggest to the Foreign Secretary that the west's policy of sabre rattling and sanctions has not only been unsuccessful, but serves to reinforce the hardliners in the country at the expense of ordinary Iranians. Has the time not come for a fundamental reappraisal of our relationship with Iran, similar to what President Nixon did with China when he recognised that country's new status in the 1960s?

Mr Hague: If there were a reasonable hope of any such policy succeeding, of course there would be a case for it. In the Foreign Office, I regularly review our overall policy and the alternatives to it. However, at every stage, I and my colleagues on the National Security Council reached the view that this is the right policy—as have the Governments, as my hon. Friend can gather from what I am saying, of the entire western world. We have come to that conclusion because Iran has resisted or rebuffed efforts to create a better relationship. We offered substantive and serious help with the development of civil nuclear power in Iran, provided there was no nuclear weapons programme. I often point out that one of my predecessors, the right hon. Member for Blackburn (Mr Straw), made heroic efforts to improve relations with Iran on several visits there, and attempted the rapprochement for which my hon. Friend calls. None of that has worked, despite the best efforts of all involved. The policy choices are whether to do what I have set out

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to increase the peaceful pressure on Iran, to leave a situation in which military conflict is more likely, or to do nothing. The latter two options are not very attractive.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): What steps are being taken to prevent third countries from trading on behalf of Iran, thereby circumventing sanctions?

Mr Hague: As the hon. Lady can gather, many nations are joining in the measures and similar measures. Of course, we will talk to other nations around the world about their own policies. For instance, we have discussions with the Gulf states, which are also deeply concerned about Iran's nuclear programme. It is also worth pointing out that the United States Congress has adopted sanctions with extra-territorial effect. They have a major effect on transactions from the financial institutions of other nations and trading in oil by other nations.

Mark Pritchard (The Wrekin) (Con): Although we all want diplomacy to work, the nuclear clock is ticking, and if sanctions do not work will the Foreign Secretary put it on the record that all options remain open to stop Iran becoming a nuclear-weaponised state?

Mr Hague: Yes, I repeat what I and previous Governments have said: all options remain on the table. However, I also stress that the policy is important and that we are pursuing it because we do not want Iran to be armed with nuclear weapons and nuclear proliferation in the middle east, but we also do not want military conflict over that or any other issue in that region. We are pursuing that policy, but of course all options remain on the table for the future.

Caroline Lucas (Brighton, Pavilion) (Green): It seems likely that ordinary Iranian citizens will suffer from the sanctions, but far less clear that the regime itself will suffer. Indeed, some analysis suggests that sanctions will strengthen the regime. What assessment has been done of the impact of sanctions on ordinary Iranian people? What efforts have been made to ascertain their views?

Mr Hague: We are not in a position to conduct a referendum in Iran on the measures. I wish that there could be an open consultation with the people of Iran, or even that the Iranian Government would consult them on domestic issues. As I said earlier, free expression of opinion is not easily permitted in that country. Clearly, it is not possible to consult the Iranian people.

For a long time, the measures that we imposed were directed at the financing of the nuclear programme and the finances of the Iranian state. Of course, the measures that we are discussing are unprecedented and wide ranging, and can have a wider effect. However, I would argue that that is better than the alternatives of doing nothing or making a military conflict more likely. I think that they greatly concern the Iranian regime, and that is why we hear statements such as that from Vice-President Rahimi on 27 December, and why we have seen any flexibility about negotiations from Iran in the past 12 months only on each occasion when we are on the point of imposing additional sanctions. We have been through that several times and learned not to be deterred from imposing additional sanctions. The Iranian Government will now have to try to deal with the situation.

Martin Horwood (Cheltenham) (LD): I welcome the European Council's robust stance, and the confirmation by the Council and the Foreign Secretary of the peaceful objectives of the process—the resumption of talks about the nuclear programme—but what active steps are the British Government or the European Union taking to facilitate the start of the talks and the de-escalation of this dangerous crisis?

Mr Hague: We are taking very active steps to facilitate that. Baroness Ashton wrote, I believe, from memory, in October—three months ago—to the Iranian negotiator Mr Jalili setting out the terms of a new round of negotiations and inviting Iran to them. The EU has not received a formal reply. The opportunity has been clearly set out on behalf of the E3 plus 3 and it will remain.

Mr Frank Roy (Motherwell and Wishaw) (Lab): Will the Foreign Secretary give an assurance that he will report to the House before there is any escalation of the conflict—armed or otherwise—with Iran, especially in the strait?

Mr Hague: Yes. I stress that the Government are not seeking an escalation of any conflict—we are seeking a resolution—but I will of course come back to the House as necessary.

Mr Julian Brazier (Canterbury) (Con): Does my right hon. Friend agree that more aircraft carrier capacity is not a huge priority in an area with plenty of available land bases? Much more important is the potential threat of terrorists sowing mines along the shallow waters of the western Gulf using fishing vessels, for which Britain's naval contribution of mine-clearing vessels is pre-eminently central.

Mr Hague: My hon. Friend is absolutely right. Indeed, our principal military contribution in the Gulf is the minehunters based in Bahrain. They are enormously respected in the region and are extremely expert in what they do. They are a very important part of our presence there.

John McDonnell (Hayes and Harlington) (Lab): There have been reports and allegations that covert military operations have already taken place in Iran, with bombings and assassinations. Will the Foreign Secretary confirm that the UK Government and the UK are not involved in the operations and that they do not support such intervention by foreign forces?

Mr Hague: We are not involved in, and we do not support, assassinations. Beyond that I do not comment on intelligence matters.

Nadhim Zahawi (Stratford-on-Avon) (Con): As Iran begins to feel the squeeze, it may not be capable of closing the strait of Hormuz, but it is very good at using proxies to destabilise its neighbours—the fragile democracy in Baghdad and the Kurdish region. What steps are we taking to support those institutions and those parties that are working to bolster rather than break up that democracy?

Mr Hague: We very much support democracy in Iraq. It is certainly right that Iran can often be a malign influence there. We also want stability in Lebanon and a resolution to the appalling situation in Syria. In all those situations, Iran has become a malign influence. Our direct leverage to alter events in Iraq is very limited now, but we will use our influence and our strong diplomatic presence to bolster democracy there.

Derek Twigg (Halton) (Lab): Given the increased pressure from sanctions and the increased military presence in the strait of Hormuz and the region, has the Foreign Secretary held discussions with the Secretary of State for Defence to satisfy himself that the chiefs of staff and any commanders in charge of our assets in the region are clear on the rules of engagement? I am thinking in particular of the Cornwall incident. What would happen should the Iranians try something like that or worse again?

Mr Hague: I believe that all of our vessels in the region are very clear about the rules of engagement and where they should or should not go. Such matters are clearly set out and agreed within government between the Ministry of Defence and the Foreign Office, so I do not think that there is any lack of clarity for anyone involved.

Patrick Mercer (Newark) (Con): I understand and fully support the economic sanctions that the EU is taking. Can the Foreign Secretary reveal whether anything else can be done directly and specifically to thwart Iran's nuclear capability and the industry that surrounds it?

Mr Hague: I am reporting to the House on the European Union sanctions. As my hon. Friend will gather, I am not advocating military action, and if he is asking about other areas of activity, I cannot go into them in the House.

Steve McCabe (Birmingham, Selly Oak) (Lab): The Government have rightly gained credit for the support that they have shown opposition movements elsewhere during the Arab spring. Why do they set their face so implacably against opposition movements when it comes to Iran?

Mr Hague: I am not aware that that is our approach. Indeed, I deplored earlier the house arrest and imprisonment of opposition leaders in Iran, and the brutal and repressive treatment of opposition spokesmen and demonstrations. At the same time, the future of Iran is for the Iranian people—at least, we hope so. It is very important that opposition movements with which anyone in this country associates themselves are credible and likely to represent the Iranian people.

Dan Byles (North Warwickshire) (Con): What assessment has the Foreign Office made of the time frame within which Iran could develop a credible nuclear capability if it is allowed to continue down that path unchecked?

Mr Hague: My hon. Friend will see many estimates and much speculation, and it is best to take all of them with a pinch of salt. Iran is currently enriching uranium to 20%, which is not sufficiently high grade for a nuclear weapon but creates a larger amount of uranium that, at a later stage, could be enriched quite rapidly to 90% and more, which is a faster process. There are many different estimates of how long that could take, depending on the quantity involved and the number of centrifuges available. He will see estimates of numbers of months rather than years for how long it would take go beyond the 20% level to the higher enriched level. What we do know is that this has become a sufficiently urgent problem that we have to address, with the international community showing unity and resolve, and that is what we are doing with these measures.

Thomas Docherty (Dunfermline and West Fife) (Lab): I am sure Members on both sides of the House understand the need for a longer lead-in time so that our European neighbours can seek alternative sources of energy, but if they were able to do so quicker than anticipated would the sanctions be brought forward?

Mr Hague: I do not anticipate the sanctions being brought forward. This is the result of a long and complex negotiation over the last few weeks. But I do anticipate that purchasers of Iranian oil in the European Union will decline steadily. It is not a continuous amount and then a cliff-edge effect. The effect of the phasing and the coming into force on 1 July is that remaining purchases will be declining long before then.

Mr Philip Hollobone (Kettering) (Con): Is not the Iranian regime hellbent on developing a nuclear weapon? Nothing will stop it short of a breakdown in the developmental process or the overthrow of the regime either from inside Iran or by military action. If sanctions do not work, would not the response of the Iranian regime be to redouble its efforts to develop a nuclear weapon before effective sanctions bite?

Mr Hague: In many ways that is the case for wide-ranging sanctions policies that address the oil industry and the financial sector. If they are worth doing at all, given the gravity of the situation, sanctions are worth doing seriously. That was my argument at the Foreign Affairs Council yesterday. My hon. Friend is right that at the moment the Iranian leaders are clearly determined on the development of nuclear weapons capability. However, I do not think that one can speculate with certainty about what may happen over the coming year—about the effect of sanctions or any flexibility that may be shown in negotiations—so I am not prepared to say that there is no possibility of such a policy working and that one must therefore reach for other solutions. We want sanctions, coupled with negotiations, to work, and this is not the time to speculate about what might happen if they do not.

Jim Shannon (Strangford) (DUP): The Minister will be aware of the close relations—or perceived close relations—between Iran and Syria. Will he ensure that the sanctions bite, or will he have to consider widening them, perhaps against other countries and even the sanction breakers?

Mr Hague: We have already imposed an oil embargo on Syria and a wide range of other measures. Indeed, we widened the sanctions on Syria yesterday to include a further 22 individuals and eight entities. I think that we will be able to make the sanctions regime effective

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and that it will be well adhered to by members of the European Union and the other countries that are committing themselves to it. We will therefore concentrate on making the sanctions regime work, rather than imposing additional sanctions on people who might not support it.

Mr Matthew Offord (Hendon) (Con): Will the Foreign Secretary assert that Iran's development of a nuclear weapon will be a red line issue for the United Kingdom?

Mr Hague: My hon. Friend can gather that it is indeed a red line issue; that is why we are addressing it in this way. The Prime Minister, along with other European leaders—Chancellor Merkel and President Sarkozy—has said that we will not permit the development of a nuclear capability by Iran. That is why we are adopting this policy.

Rehman Chishti (Gillingham and Rainham) (Con): To counter the threat from Iran, what steps are we taking to strengthen our strategic relationship with key regional powers such as Saudi Arabia? By way of a declaration, let me say that I am vice-chairman of the all-party parliamentary group on Saudi Arabia.

Mr Hague: We have strong relations with the Gulf states, many of which we have intensified over the past year, particularly our relationship with the United Arab Emirates, although we enjoy excellent relations with all those states. My hon. Friend will know about our long and historic relationship with Oman, and about the many difficulties faced in Bahrain, including by the people of Bahrain over the past year. My right hon. Friend the Prime Minister visited Saudi Arabia earlier this month. Saudi Arabia is an important ally and an important force for stability and peace in the region, so I salute my hon. Friend's work with the all-party group.

Kris Hopkins (Keighley) (Con): What efforts have the UK Government and our allies made to communicate directly with the people of Iran? It is important that we demonstrate that our argument is not with them, but with the despotic leadership of that country.

Mr Hague: This is very important. Ten days ago I did an interview on BBC Persia to communicate directly with the people of Iran and make clear our arguments, and we have done that on many other occasions. The Under-Secretary of State, my hon. Friend the Member for North East Bedfordshire (Alistair Burt), has done the same on previous occasions, and we will keep up our efforts to communicate with the people of Iran. Needless to say, however, the Iranian authorities often attempt to block our attempts to do so.

Points of Order

4.19 pm

Rachel Reeves (Leeds West) (Lab): On a point of order, Mr Speaker. The International Monetary Fund has today revised its growth forecast for 2012 downwards, from 1.6% to 0.6%, and asked the Government to reconsider the pace of their deficit reduction plans. Have you had any indication that the Chancellor plans to come to the House to give the Government's response?

Mr Speaker: I have received no such indication, but I am sure that the hon. Lady will pursue these matters through the Order Paper and in other ways if she is dissatisfied with the position as it stands.

John Mann (Bassetlaw) (Lab): On a point of order, Mr Speaker. In answering a series of questions printed in *Hansard* on 19 January on 18 separate and current EU proposals on financial services, the Treasury Minister responded:

> "When EU legislation is being reviewed or prepared, responses by the UK authorities to a public consultation will be made available on the Commission website."—[*Official Report*, 19 January 2012; Vol. 538, c. 948W.]

When a Member of the House asks questions of the British Government, is it sufficient for them to be answered by reference to potential statements being put up on the European Commission's website? Is it not the responsibility of the Minister to give an answer to the Member of Parliament?

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. There has been no breach of order in the method that the Minister chose for his reply to the hon. Gentleman. The hon. Gentleman's point of order will have been heard by those on the Treasury Bench, however, and I hope that, when framing answers, Ministers will take account of the convenience of right hon. and hon. Members in being able to access information. I recall from my own experience as a Back Bencher that it was exceptionally irritating when a series of carefully crafted written questions was responded to in a desultory and, some might have thought, a discourteous manner. To do so to the hon. Gentleman is certainly a hazardous enterprise, because he is bound to raise the matter on the Floor of the House, as he has just eloquently demonstrated.

Mr Gordon Marsden (Blackpool South) (Lab): On a point of order of which I have given you notice, Mr Speaker. I tabled two named-day questions for answer on 13 December by the Department for Communities and Local Government. They were factual questions about the payment of money for regional projects under the European regional development fund. Despite polite follow-up questions from my office, no reply was received until yesterday. I was surprised and concerned that the Minister responsible, the right hon. Member for Welwyn Hatfield (Grant Shapps), had inserted into his reply a tendentious, partial and lengthy attack on the previous Government, including inaccurate comments about me. The argument that we shout like mad and protest too much might come to mind, but is it not an abuse of the conventions and courtesies of the House to pervert a factual written reply to a Member in that way? Given

that the reply has now appeared in *Hansard* in that form, what recourse is available to enable it to be amended so that it reflects only the factual information that I requested from the Minister, and represents a response suited to a Minister of the Crown rather than a boastful rant more suited to a timeshare salesman?

Mr Speaker: I thank the hon. Gentleman for giving me notice of his point of order. I do not feel comfortable about commenting now on his question about retrospective amendment, but I can respond to him on two points. First, the content of ministerial answers is not a matter for the Chair, and the hon. Gentleman might wish to write to the Procedure Committee if, as is obviously the case, he is dissatisfied. Secondly, I will say that, in my view, Ministers should avoid putting in their written answers to written parliamentary questions any polemical matter that would not be allowed in the questions themselves. The Table Office regulates the manner of the asking of the questions, and Ministers must exercise some responsibility and demonstrate some courtesy in the manner of their answers.

Jeremy Corbyn (Islington North) (Lab): On a point of order, Mr Speaker. You very generously allowed the debate on the urgent question to carry on for 49 minutes, and there is obviously enormous interest in the situation in Iran. The Leader of the House is in the Chamber. Would you accept a request for a much fuller debate on the situation facing Iran in the very near future? Clearly, the whole situation is extremely dangerous.

Mr Speaker: I am grateful to the hon. Gentleman for his point of order. A senior Government Whip, chuntering rather helpfully from a sedentary position, says that there will be a defence debate on Thursday. I do not think that he was saying it for my benefit, but I am grateful to him nevertheless. That debate might provide a suitable vehicle for the hon. Member for Islington North (Jeremy Corbyn) to air his concerns. I do not want to be pedantic, but when he asks me whether I would accept such a request, he will know that the scheduling of business is a matter for the usual channels. Those on the Treasury Bench will have heard his point of order, and he will know that I allowed the debate on the urgent question to run for a substantial time because I felt that it related to a matter of the highest importance, on which a statement could have been—but did not have to be—volunteered by the Government, and in which there was very substantial interest. I hope that that will be taken into account, and that the Government will realise that Members want to be updated on the matter on a regular basis.

Housing (Amendment)

Motion for leave to bring in a Bill (Standing Order No. 23)

4.25 pm

Mr Frank Field (Birkenhead) (Lab): I beg to move,

That leave be given to bring in a Bill to require the Secretary of State to make provision for the system for social housing allocation to give priority of choice of social housing to those with an exemplary tenancy record; to place a duty on housing associations to inform potential tenants about conduct of existing tenants in neighbouring properties; and for connected purposes.

I seek leave to amend the Housing Acts with one simple objective in mind: to put the good citizen in pole position in the allocation of the most decent and best housing association homes. Hardly a statement from any of our senior politicians today does not mention that they are standing shoulder to shoulder with the hard-working families of this country. It is a sign of the times in which we live that senior politicians feel that they have to affirm what most people would consider an axiomatic position for all politicians to occupy.

The Bill would define what we mean by hard-working. It would obviously include people who work hard—those who gain work and pay their taxes—but it would also have a more generous definition. As we all know from our constituencies, hard-working families have an extraordinarily important roll-over effect as regards community benefits. For example, the hard work that families put into raising their children means that they are not only a credit to the families concerned but diligent in their concern for their neighbours. We are all aware of the importance of the hard work people put into building up strong neighbourhoods, so the Bill's definition of hard-working is generous and not mean.

The Bill would, I hope, encourage the Government to be more radical and in a form that is more just. They recently put out a consultative paper on who should get the best housing and under what conditions. The paper keeps in key position the six most favoured groups, who have been there for a long time. Let me remind the House of them: the two homeless categories; those families who are threatened with homelessness; those families who live in overcrowded or insanitary conditions; those of our constituents who wish to move to better accommodation on medical grounds; and those who can make a case for a move for other reasons.

Those categories would remain, but those who were simply—I emphasise that word—good citizens would join them. The other six categories would also be judged in the first instance on whether they were also good citizens, so a premier league would be formed of those of our constituents who were in a position to have first choice of all the social housing—the best social housing—when it became available.

The Bill has a second objective, which is to protect those good citizens from neighbours from hell—those chaotic families who cause such misery. The aim of the Bill is to put decent tenants on a par with the position of owner-occupiers, which was changed by the previous Government. Owner-occupiers who wished to sell and who had been plagued by antisocial behaviour had to declare that that had occurred. If they did not do so and the sale went through, they could be open to legal challenge.

[Mr Frank Field]

The Bill would deal with the two somewhat underhand moves made by many housing associations, in my constituency, and, I would guess, elsewhere. The first is dumping neighbours from hell next to good tenants without any warning whatever. The second is moving unsuspecting good tenants next door to neighbours from hell without any warning. The Bill would give all tenants the right to be consulted in such circumstances, the right to object and the right to legal redress. It is about trying to legislate to bring about what most of our constituents would regard as fair—to bring housing legislation on side with their gut feeling of what is fair.

Let me end with one last comment. My life is very different from those of my parents and grandparents because of the changes that the Attlee Government brought in and I think that we as a group of politicians are worryingly relaxed about rebuilding support for our welfare state. Many of our constituents do not believe that all the rules governing entitlement are fair. This year will be the first in which income transfers in the welfare state will burst through the £200 billion mark. If now is not the time for us to think carefully about all our reforms, particularly our housing reforms, and about putting on the statute book measures that most of our constituents would regard as fair and just, I cannot think of any other.

Question put and agreed to.

Ordered,

That Mr Frank Field, John Mann, Siobhain McDonagh, Mr Roger Godsiff, Hazel Blears and Natascha Engel present the Bill.

Mr Frank Field accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 30 March, and to be printed (Bill 276).

Local Government Finance Bill

(Clause 1, Schedule 1, Clause 2, Schedule 2, Clauses 3 to 5, Schedule 3, Clauses 6 and 7, new Clauses relating to non-domestic rates and new Schedules relating to non-domestic rates)

[2ND ALLOCATED DAY]

Further considered in Committee

[MR LINDSAY HOYLE *in the Chair*]

Schedule 1

LOCAL RETENTION OF NON-DOMESTIC RATES

4.32 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): I beg to move amendment 3, page 16, line 29, at end insert—

'(6A) Where the original calculations did not show that a relevant authority was to make a payment to the Secretary of State, but the revised calculations show that the authority is to make a payment to the Secretary of State—

(a) the authority must make that payment to the Secretary of State, and

(b) the authority must make a payment to the Secretary of State of an amount equal to the amount of the payment shown by the original calculations as falling to be made by the Secretary of State to the authority.'.

The Chairman of Ways and Means (Mr Lindsay Hoyle): With this it will be convenient to discuss Government amendments 4 to 16.

Robert Neill: It is a pleasure to be back here under your chairmanship, Mr Hoyle, dealing with the next part of the Bill. The amendments make changes to paragraphs 12 and 15 of the schedule and some consequential changes to schedule 3. To make sense of how they operate, it is sensible to look at the scheme of how part 5 works as a whole, which I shall do as briefly as I can.

In earlier debates on the Bill, the Government have made it clear that we have always accepted there would be a need for some redistribution of business rates from resource-rich to resource-poor authorities. We intend that the redistribution should be done by way of tariffs and top-ups, which have been mentioned in earlier debates. Those will be set at a level that ensures that no authority will be worse off on day one of the scheme than they would have been under formula grant. That is a principle that we have already established. So tariffs and top-ups will be set on day one so that no authority will be worse off. Thereafter, the intention is that tariffs and top-ups will be index-linked to the retail prices index so that the value of protection provided to top-up authorities is maintained in real terms. Under paragraph 10, the basis on which tariffs and top-ups will be calculated will be set out each year in the local government finance report, which the Secretary of State must lay before the House, and will thus be subject to the same scrutiny as the report.

Once the local government finance report is approved by the House—the normal procedure—paragraph 11 requires the Secretary of State to make the necessary

calculation of the tariffs and top-ups to be paid, or received by each authority, on the basis approved in the report. After the calculations have been notified to the authorities, paragraph 12 requires them and the Secretary of State to make payments in line with them.

Part 5 of the schedule also provides, purely on a precautionary basis, that the Secretary of State may at any time up to 12 months after the year to which the local government finance report relates make a further set of calculations, but with the proviso that they are made on the same basis as set out in the report. That will make sure that in the unlikely event that we later discover a mistake in the original calculations we can put it right.

Lyn Brown (West Ham) (Lab): I am listening to the hon. Gentleman with interest. Is it not true that as a result of the financial calculations that will be made under the Bill, the 10% most deprived areas will lose four times as much as the 10% best-off areas?

Robert Neill: I do not accept the hon. Lady's proposition. The whole point is that we are not dealing with the individual circumstances of authorities; that will be done in the report. The provisions set out the methodology. That is the important thing. It is worth bearing in mind that under the existing formula grant arrangements, there is provision that in exceptional circumstances the Secretary of State can make an amending report. In effect, these provisions mirror the position for dealing with the situation now; we are operating with a baseline and top-ups and tariffs, with the protection that they are uprated in line with inflation.

Paragraph 13 makes further provision to allow us to put right a mistake in the basis for calculation set out in the original report, but it is important to stress that if we did so we would again need to seek the approval of the House of Commons. The principle exists in the current system, although it has not had to be used; it is a fail-safe arrangement.

Mr Robert Syms (Poole) (Con): Is it the Government's intention that the tariff will always equal the top-up—that no money will be top-sliced by the Department for Communities and Local Government—or will a reserve be kept?

Robert Neill: We will talk later about what is described as the central share, which is the proportion that may, as necessary, be retained by central Government. That is to ensure that at all times the settlement fits into the envelope of the control totals, but even so we have indicated that anything allocated under the central share will be returned to local government through other grants. Just as at present local authorities receive grants that are outside the formula grant scheme, so too can money be recycled to local government in the same way.

Mr Kevan Jones (North Durham) (Lab): If the answer to the question put by the hon. Member for Poole (Mr Syms) is that, yes, the Government will retain that money, are they not, by that mechanism, substituting for central Government funding by making sure that local government pays for all grants that go to local authorities? That is not the case at the moment.

Robert Neill: On the first part of the hon. Gentleman's proposition, the Government have never made any secret of the fact that there will be a central share; we have always indicated that it would be necessary for the system to operate within the control totals of the spending review. On the second part, the central share can be set and adjusted from time to time. We have made it clear that we intend to look, as we go forward, at the macro-economic situation, which will be reflected in the control totals, and the ability to seek to align more closely the responsibilities of local authorities with funding availability through the business rates. Put it this way: it would be a bit previous to come to a conclusion at this moment about what precisely would happen to any individual grant stream.

Mr Jones: Is the Minister saying that in future, grants that currently come from central Government taxation and revenue will be paid for by local government? That is basically shifting the burden to local businesses, rather than taking the money from the central taxpayers' pot.

Robert Neill: The danger in the hon. Gentleman's formulation is in assuming that that would shift all funding in that way, and that is not correct. What we have said is that we will have the option to make an adjustment to keep the grant within the control totals, and to ensure that money raised by business rates is returned to local government, in a way that is consistent with the scheme in the Local Government Finance Act 1988. That is not different, because as the hon. Gentleman, with his experience, will know, quite a number of funding streams are paid to local authorities, outside formula grant. I do not accept that it follows that all of them have to be added in. What we have said is that we will seek to align more closely the grants with the responsibilities.

Mr George Howarth (Knowsley) (Lab): I am grateful to the Minister for giving way; he has been generous. He may cover this later, but the top-ups and tariffs updated by the retail prices index would mean that, without the protection of safety nets, Knowsley, which I have the honour to represent, would have a four-year cash growth of 21.9%; by comparison, for the City of London, it would be 139.6%. Will he explain how the measures that he is about to announce would ameliorate the problem?

Robert Neill: In a later passage of the schedule, we deal with the operation of the set-aside and the safety net, and that will deal with the issue of recouping what is decided to be disproportionate growth, and how that will work in principle. Of course, as this is a framework Bill, it does not set out the impact on any individual local authority; it sets out the methodology that will be applied, and I will happily deal with that at the appropriate time.

I can tell the right hon. Gentleman that, as we may have indicated earlier, over the spending review period that we have looked at, Knowsley's non-domestic rate increase was 8.4%, which is significantly above the national average. Of course, I accept that local authorities start with different financial circumstances, and we are reflecting that in the baseline, so that no one is worse off, but we are right to point out that some local authorities that certainly have a number of demands on their resources are capable, as we have seen, of a growth in business rate income that is above the national average.

In a nutshell, the Government amendments deal with a set of revisions that we do not anticipate having to

[Robert Neill]

use, but which it is desirable to have, as a fail-safe device to correct any mistake or erroneous calculation. That is the background. One further point should be made: it follows that where we have occasion to use the provisions to recalculate tariffs and top-ups, or to make an amending report, obviously the sums due to local authorities would potentially differ from those of which they were originally notified. It is therefore right to point out that the provisions in paragraph 12(5) and 12(7) and in paragraph 15(3) and 15(5) ensure that the sums due and paid by an authority as a result of the original calculations can be compared with the result of the recalculation or the amending report, and that adjusting payments can be made to reflect the difference.

4.45 pm

In the Bill as currently drafted, those paragraphs provide that where an authority's tariff is bigger than the tariff originally calculated, it should pay the difference to the Secretary of State, and where it is smaller, the Secretary of State should refund the difference. Similarly, if the top-up is bigger than originally calculated, the Secretary of State should pay the difference. Where the top-up is smaller, the authority should pay back the difference.

That is all pretty obvious and straightforward, but the provisions do not specifically deal with the situation where, as a result of a recalculation or an amending report, an authority switches from being a tariff authority to a top-up authority or vice versa. It might never happen even if there were a recalculation, but it is conceivable that a local authority could be on the cusp, marginally in either the top-up or the tariff category, and a recalculation pushed it to the other side of the line. We are inserting the amendments as a precautionary measure to tidy up and make the position crystal clear.

That is what amendments 3, 4, 7 and 8 do, so that local authorities need not be in any doubt. They ensure that payments from the authority or from the Secretary of State as a result of that recalculation can be made, to make the system work fairly. To do that, they introduce the sub-paragraphs 6(A) and 8(A) into paragraph 12, and 4(A) and (6A) into paragraph 14. Amendments 5 and 6 make consequential amendments to schedule 1. When we get to them, amendments 9 to 17 make consequential amendments thereafter, so that everything is tidied up.

Helen Jones (Warrington North) (Lab): It is a pleasure to be here under your chairmanship, Mr Hoyle.

The Minister explained clearly the purpose of the amendments, but the fact that the Government have had to table so many amendments at this stage of the Bill is ample proof of how they are rushing it through the House. The amendments do not deal with esoteric issues. They are not about something easily missed. They simply deal with the situation where a revised calculation is made and an authority may move, as the Minister rightly said, from tariff to top-up or the other way around.

It is typical of this Government's sloppy thinking and of their desire to rush the Bill through without proper scrutiny that they forgot one simple fact, which the most junior clerk in a council finance department could have told them—that if they want people to pay up, whether that is a council tax payer, a council or a Secretary of State, they must make provision for payment. The fact that Ministers did not even notice that when the Bill was drafted shows how little time they have spent reading it, a fact that was convincingly demonstrated by their performance on Second Reading and on the first day of Committee in the whole House. They are not up to speed on the measures that they are introducing.

We have no objection to the amendments. They are tidying-up amendments, but let us imagine what Ministers would say if a local authority were so sloppy. After all, in determining the baseline for rate income, they would base their figures on what a local authority would receive if it had acted diligently—a term that they have signally failed to define in answer to questions in the Chamber and in Committee. Local councils would be called to account by Ministers for such an omission, and rightly so. It is a shame that Ministers do not apply the same high standards in their own Department. They are as careless in their drafting as they are with the effects of their legislation on local communities. These amendments, straightforward as they seem, epitomise the Government's attitude to the whole Bill: sloppy, rushed and badly considered.

Alex Cunningham (Stockton North) (Lab): I am interested to hear my hon. Friend advise the Minister that he should talk to local authorities and take an example from them. Will she encourage him to take a trip to Stockton-on-Tees borough council, my local authority, because not only was it named council of the year the year before last, but for the past six years it has been recognised as providing excellent services and financial management and delivering for the people? The Government might learn something there.

Helen Jones: I am sure that it would benefit many people to take a trip to Stockton-on-Tees, as my hon. Friend suggests. There are certainly many things that the Department for Communities and Local Government could learn from good local authorities, but it has failed to do so. We do not intend to divide the Committee on these amendments, but they show what a shambolic lot those on the Government Front Bench are and how little they have thought through the Bill.

Mr Syms: I fully support the Government amendments, because what they propose is sensible when we are moving towards a new system. We are talking about some very large figures, and it takes only a small change in one figure to throw the others out. It is important that local authority finance officers have a clear idea of where they are going with this new system. If there is a recalculation, which we do not expect, will it be perfectly obvious in the information supplied to local authorities? Local authorities will have to set a legal budget, and they will do so based on figures supplied by the Government. If those figures change a little, will the system be sufficiently transparent for local authority treasurers to understand where there has been some adjustment? Otherwise, if it is totally out of the blue and they cannot see the rationale, that will cause more problems than we are solving.

Robert Neill: I take my hon. Friend's sensible point. That is why it will be done, if it is needed, by making a report to the House so that there is proper scrutiny.

Local authorities would of course be notified and the basis of any change set out. We would also seek to give any local authority affected appropriate warning informally and through the formal channels here, and there would of course be scope for Members who represent constituencies affected to raise the matter in the House and with Ministers.

I am grateful that the hon. Member for Warrington North (Helen Jones) deigns to support the amendments but sorry that, in doing so, she has managed to raise churlishness to a new art form, even by her standards. I simply point out that I can scarcely remember a Government Bill in the previous Parliament that did not come with dozens of drafting amendments as it progressed. These things happen, as she knows full well. I am a little surprised and she does herself an injustice by making so needless a point.

Amendment 3 agreed to.

Amendments made: 4, page 16, line 40, at end insert—

'(8A) Where the original calculations did not show that the Secretary of State was to make a payment to a relevant authority, but the revised calculations show that the Secretary of State is to make a payment to the authority—

(a) the Secretary of State must make that payment to the authority, and

(b) the Secretary of State must make a payment to the authority of an amount equal to the amount of the payment shown by the original calculations as falling to be made by the authority to the Secretary of State.'.

Amendment 5, page 17, line 10, after '(6)' insert 'or (6A)'.

Amendment 6, page 17, line 18, after '(8)' insert 'or (8A)'.

Amendment 7, page 19, line 8, at end insert—

'(4A) Where the relevant previous calculations did not show that a relevant authority was to make a payment to the Secretary of State, but the revised calculations show that the authority is to make a payment to the Secretary of State—

(a) the authority must make that payment to the Secretary of State, and

(b) the authority must make a payment to the Secretary of State of an amount equal to the amount of the payment shown by the relevant previous calculations as falling to be made by the Secretary of State to the authority.'.

Amendment 8, page 19, line 19, at end insert—

'(6A) Where the relevant previous calculations did not show that the Secretary of State was to make a payment to a relevant authority, but the revised calculations show that the Secretary of State is to make a payment to the authority—

(a) the Secretary of State must make that payment to the authority, and

(b) the Secretary of State must make a payment to the authority of an amount equal to the amount of the payment shown by the relevant previous calculations as falling to be made by the authority to the Secretary of State.'.—*(Robert Neill.)*

Helen Jones: I beg to move amendment 27, page 21, line 12, leave out 'may' and insert 'must'.

The Chairman of Ways and Means (Mr Lindsay Hoyle): With this it will be convenient to discuss the following: amendment 40, page 21, line 17, at end insert—

'(1A) The regulations must specify the definition of a "disproportionate gain" which is used to calculate whether a relevant authority is required to make a levy payment.'.

Amendment 28, page 22, line 19, at beginning insert—

'(1) If a calculation under paragraph 21 shows that a levy payment is to be made to the Secretary of State by a relevant authority, the Secretary of State must—

(a) notify the authority of the amount of levy he deems to be payable;

(b) allow the authority twenty-eight days to make representations either about the basis of the calculation of the levy payment or its accuracy, and

(c) give due consideration to the authority's representations before issuing a final determination.'.

Amendment 29, page 22, line 22, at beginning insert 'Following a final determination'.

Helen Jones: Amendment 27 is a probing amendment designed to test the Government's intentions with regard to the implementation of the scheme. The Bill states that the "Secretary of State may"—the phrase is repeated throughout the schedule—by regulations determine whether a local authority is required to make a levy payment and, if so, the amount of that payment. What we want to know from the Minister is why the Bill uses "may" in this case rather than "must". It is clear from clause 1 that any regulations will be subject to the affirmative procedure, but it is not clear whether the Secretary of State intends to proceed by regulation in all cases. We are advised that the use of "may" rather than "must" or "shall" implies that he might proceed in some other way. I am not sure how, although it might be by ministerial diktat, by a written ministerial statement or by a finance report, but it is important to make the situation clear, because the Committee is dealing with an enabling Bill that gives huge power to the Secretary of State, without being clear about how it will be used.

We would therefore like to hear from the Minister exactly what the Government's plans are, because the Bill is not consistent. In several other places, it uses "must" in relation to regulations, so what is the reason for the different wording in the case before us? The Minister must forgive me if I appear to be developing a suspicious nature; it comes from dealing with him for so long on this Bill. But we would welcome an assurance from him that the regulations on this point, and on the others that we have highlighted in this group of amendments, will be placed before the House and not simply introduced through a statement from the Department.

Mr Kevan Jones: Does my hon. Friend think that local government will feel confident that power is not being centralised if we are able to see the regulations now, as the Bill is going through Parliament, rather than being tagged on, as she suggests, once it has done so?

Helen Jones: My hon. Friend makes a valid point. I, like other Opposition Members, have mentioned the Government's failure to produce any draft regulations, and the reason why is that they have proceeded so quickly with the Bill and did not want to take it into Committee upstairs. In turn, we all know the reason for that: they simply do not have enough business to go through on the Floor of the House, because their business is snarled up in the Lords.

Amendment 40 would add new sub-paragraph (1A) to paragraph 20 of the schedule and require the Secretary of State to specify in regulations exactly what he defines as "disproportionate growth" or—the term that is often

[Helen Jones]

used—"disproportionate benefit". The amendment, like many that we have tabled, is an attempt to address what my hon. Friend has just highlighted: the alarming lack of clarity in the Bill and the consequent uncertainty for local authorities.

We know the mechanism that the Government intend to use to calculate the levy. After abandoning ideas for fixed-rate and banded levies, they intend to create a proportionate levy, which in effect is an individual rate for each local authority, but not only do we have no clarity about the percentage level, but it is still not entirely clear what will constitute a disproportionate benefit.

The Government, in their response to the consultation, say that the proportionate levy will create a system to allow a local authority to retain growth in a fixed proportion to its baseline level. The levy is intended to tackle the gearing effect, whereby authorities with a high tax base gain more from the same growth than those with a low tax base, but it does not do so. It mitigates the effect; it does not tackle it. The simple fact of basing a levy on growth above a baseline level, however, leaves many questions unanswered, and amendment 40 is an attempt to get some answers from the Government, because, unless there is some certainty about the definition, local authorities will find themselves in real difficulty when deciding on future projects.

Let us imagine, for example, a rural authority that loses a large employer, one that pays a high proportion of local business rates. The authority's business rate income goes down, and might do so before the baseline is set. It then attracts another employer to the area. When that employer starts up, the authority gets a big increase in business rates for one year; the increase tapers off after that. Is that a disproportionate gain, given that the local authority is simply replacing income that it had previously lost?

What about a town that redevelops its centre? The council would see a fall in business rates but when the redevelopment was complete, it would see an increase. Would that be treated as a disproportionate gain, given that the council might use the increase to fund the development in the first place? How would the levy then apply to a TIF 1 project—as opposed to a TIF 2 project, which would be outside the scheme?

Furthermore, the Secretary of State has given himself a Henry VIII power to reset the scheme. *[Interruption.]* The hon. Member for Rossendale and Darwen (Jake Berry) should learn that PPSs should be seen and not heard. How would the council get any certainty for future planning?

5 pm

John Healey (Wentworth and Dearne) (Lab): My hon. Friend posed the question of how anyone could have certainty about what will and will not apply in a TIF area. Given the Second Reading debate and the performance of the Secretary of State, the one certain answer is that such certainty will not come from asking the Secretary of State. When I challenged him, he simply could not say whether resets would apply to TIF schemes. That is a matter of serious concern to all of us who want to make the schemes work.

Helen Jones: I remember that exchange between my right hon. Friend and the Secretary of State; he did not get a proper answer. Later, we will debate the clause about resets as they relate to TIF schemes.

The issue also applies to setting the levy. Let us say that there was significant house building in a local authority. That would lead to more employment and business rates, but would also mean that there was more demand on the council's services. Unfortunately, in the Bill, the Government refuse to take account of service needs and service provision. Where would that leave the council? Would it have made a disproportionate gain and therefore be subject to a levy? A levy set as a percentage charge on growth simply does not deal with such issues, but the Government do not seem to wish to look at the matter. They want simplicity, but in a complex world—and that is not achievable. We have moved the amendment to get some clarity.

Amendments 28 and 29 simply seek to bring the procedure for requiring a levy payment from an authority more into line with that used for the local government finance report. As we have said, the Bill is remarkable for giving no indication of how the Secretary of State intends to exercise many of his powers. As has been said, we have seen no drafts of the regulations. The Secretary of State used fine words about the radical devolution of power in introducing these measures, but it is noticeable that that is totally inconsistent with what is happening under the Bill.

As I said, we have a concern about how the levy payments will be calculated, but the amendment seeks to ensure that local authorities, if required to pay a levy, have the opportunity to make representations about that. That happens with the local government finance report, because a copy must be sent to relevant authorities, and the Bill contains provision for what will happen if there is an amending report. However, the levy is calculated at the end of the year to which it relates and it is not clear whether levy payments will be included in the local government finance report.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): My hon. Friend is making a telling point. Is it not extraordinary that not even the basic principles on which the levy calculations will be made have been spelt out in the legislation? One can well understand the need for some discretion for Ministers, when operating rules, to be able to adjust on a year-for-year basis; I have no difficulty with that. But Ministers should be open with the House, the public and local government about the principles on which they are acting. The complete silence in this legislation about anything to do with the principles that determine whether an authority gets a disproportionate gain seems extraordinary.

Helen Jones: My right hon. Friend, who is a very distinguished former local government Minister, is exactly right. In effect, we are being asked to write a blank cheque to the Secretary of State, who can then do what he wants with it.

Mark Field (Cities of London and Westminster) (Con): The hon. Lady is making a fair point in relation to these probing amendments. Surely, however, a word such as "disproportionate" would require an exceptional change. For example, the building of a new town would involve a more substantial amount of building than the much

smaller developments that she has mentioned. I have some sympathy with her view that it would be good to have a full set of regulations in advance of the Bill. It is extremely regrettable that more regulations are not in place. That would also apply to Bills going back many years to a time when I was in her shoes rather than the other way round. Equally, this is a relatively early stage of the Bill, and I am sure that regulations will be up and running well before Third Reading.

Helen Jones: I am grateful to the hon. Gentleman, who makes a fair point about regulations. I do not know whether they will be with us before Third Reading, but at that point we will have finished debating the Bill in Committee, so it will not be terribly helpful. He makes an interesting point about what he sees as a disproportionate gain. However, the problem is that that is not what Ministers see as a disproportionate gain. That is why we are trying to get some definition into the Bill. Local authorities cannot plan unless there is some certainty in the system, and as yet we do not know what it will be.

John Healey: My hon. Friend is developing a powerful case. As my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford) said, the Committee should at least expect to see confirmation of the principles on which judgments about disproportionate benefit will be made and on which any levy will be based, but that is not in the Bill. The principles on which a levy would be based are not even set out in the response to the consultation that was published in December. That is not good enough, and we expect more from the Minister and his colleagues.

Helen Jones: Again, my right hon. Friend makes a telling point. The consultation document merely says that there will be a proportionate levy. The obvious question to put is this: "What is the proportion and how will it be decided for each authority?"

Mr Kevan Jones: Does my hon. Friend agree that the situation would vary from authority to authority? For example, Northumberland is losing Alcan, which is a large employer in the south-east of the county and therefore a large contributor to the local tax base. There is a big difference between Northumberland losing such an employer and, say, the closing down of a Westminster office block that will be replaced quite quickly.

Helen Jones: My hon. Friend reminds me of a good point that I was going to make earlier. I had Northumberland in mind because it is a place that I am very fond of and know well. If Northumberland has lost Alcan by the time the baseline is set, it will be set on the basis of lower business rates. If the authority replaces Alcan with another employer, will it be deemed to have made a disproportionate gain? The Minister must explain why an authority that is trying to do the right thing by bringing in new employment to replace what has been lost should be penalised for that.

An authority will need to be able to make representations when the amount of levy that it is going to be asked to pay is first published. As I said, we do not know whether the levy payments will be included in the local government finance report. That is because the Bill is so vague.

We think that it is only fair to specify that, if a local authority is required to make a levy payment, it should be notified and be allowed to make representations about the calculation before the final decision is made. It might be that an authority challenges the basis of the decision that it has made a disproportionate gain. That is unlikely, but it could happen. It might be simply that the calculation has not been done correctly. We have seen that many times. That is why we have amending local government finance reports. It has been known occasionally for Departments to get their calculations wrong. In such circumstances, councils should have a mechanism for making representations before the final decision. Local authorities are, after all, partners in this process. Neither the Secretary of State nor any other Minister would want to be a provincial governor figure handing down unchallengeable decisions.

Mr Raynsford: Oh, yes they would.

Helen Jones: My right hon. Friend says that they would. I do not think that that applies to the Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill), although I can easily imagine the Secretary of State in a toga, handing down diktats.

Andrew Gwynne (Denton and Reddish) (Lab): Is it not crucial not only to have a procedure whereby councils can appeal to the Secretary of State, but to put that within a proper time frame? Local authorities get their settlements towards the end of the calendar year in order that they can finalise their budgets by the end of the financial year and set a proper budget for the new financial year. It is therefore crucial to get not only the mechanism but the timing right.

Helen Jones: My hon. Friend makes a worthwhile point. The problem with the whole Bill is that it is difficult for local authorities to know the framework in which they will be asked to operate.

We are not proposing anything that would create a long delay, merely a simple system to allow councils time to check the calculations and respond before the Secretary of State issues a final determination. Most local councils support a levy system, even if they have different views about how the levy should be calculated. We do not anticipate that large numbers of councils would challenge decisions merely for the sake of challenging them. However, it is important for any system to give local authorities a mechanism to make representations if they think that the Department has simply got it wrong. I believe that Members from all parts of the House would want their local council to be able to do that if the need arose, to ensure that the communities that they represent are dealt with fairly.

The amendment would not prevent the Government from exercising the powers that they will be given if the Bill is passed. It does not even seek to change the way in which the levy is calculated—or it would not if we knew how the levy was going to be calculated. It is aimed purely and simply at ensuring that there is fairness in the system. I therefore commend it to the Committee.

Mr Syms: It would be helpful to have a little more detail as soon as possible on what the Government

[Mr Syms]

mean. I hope that, in winding up the debate, the Minister is able to set out a little more detail than we have at the moment.

Clearly, the intention of the proposal is to offset unforeseen falls in rate income in certain areas. By their nature, those falls are unforeseen. Is it the Minister's intention that the levy on disproportionate gain will be equal to any unforeseen fall in income in certain authorities, or will the Government simply recoup a levy of disproportionate gain even if there has not been an unforeseen fall in council business rate income?

If things were dealt with on an annual basis, there might be a year in which there was not any unforeseen fall, so it might be sensible for a number of local authorities with quite large gains to take a share of the income, whereas in a subsequent year there might be the opposite situation. What I am trying to tease out of the Minister is whether the exercise will be annual or whether it will occur over a period of years. Could a fund be carried forward to cover unforeseen falls in council business rate income? From my reading of the Bill—it would help if there were more information—I believe that the fund is to be exceptional and will affect only a number of authorities. One might think of the developments in Stratford, nuclear power stations, estuarial airports, car plants and so on.

5.15 pm

It would also be interesting to the Committee if the Minister set out whether, if the Government recouped disproportionate gain, it would be simply for one year or for a period of years. What does the Bill mean by a "share" of the fund? If a car plant were built within a local authority area, would the Government split the difference of the income with the local authority? We need a little more information so that we can have a much better idea of how the Government intend to proceed over the next few years.

Clearly, a base year will be set for business rates. On that basis, I believe that changes will be small to start off with. However, it would be useful if the Minister could give a little more information. What advance knowledge would the Government have of a change? Presumably if a major car plant, shopping centre or utility plant were closed, a local authority would very quickly write to the Minister. Will he also get information from the Valuation Office Agency about what is happening in a particular district, including new developments? We need a little more information so that the Committee can feel a bit more comfortable about what the Government intend.

Mr Kevan Jones: My hon. Friend the Member for Denton and Reddish (Andrew Gwynne) said that the one thing that local authorities need is certainty. Having been in local government myself, I know that a council needs certainty about what its income will be each year. The previous Government made great strides by providing three-year budgets, which allowed councils to plan their expenditure over a period of time.

As we heard on Second Reading and last week in Committee, although the Bill has been trumpeted as being about devolving decision making to a local level, it will actually do completely the opposite. It will give the Secretary of State the power to determine, in his toga or otherwise—the idea of him in a toga should probably come with a health warning—what level of budget councils will get.

We need a definition of disproportionate change. We have heard some interesting examples, and we need to know whether the building of a major power station or the loss of a manufacturing site such as Alcan would be considered disproportionate. Would a council forgo business rates for a year while a site was being redeveloped, only to gain them back when occupancy took place? Without such definitions, councils will be left in a very difficult position in planning their budgets.

Another issue to consider is the time of year when a closure happens. My right hon. Friend the Member for Knowsley (Mr Howarth) has just told me that his local authority area has one large employer that provides 7% or 8% of the local business rates. Let us suppose that it closed just after the business rates had been set. Would the local authority get any compensation in the following year? It is not clear, because we do not know what the regulations are going to be. That could leave his local authority minus 7% of the income that the Government think it is getting, which would be totally unfair. It would help if we knew what the regulations were, what the circumstances were and what the Government consider a disproportionate gain.

Matters differ from local authority to local authority. Northumberland has just been mentioned, and one large employer, such as Alcan, leaving has a huge impact on business rate income. No doubt in more affluent areas, the position is different. For example, I am sure that the loss of an office block in Westminster would not have the same impact on Westminster city council's overall tax take. I would also argue that it is much easier in Westminster to replace that income through attracting new jobs than it is to replace the income that Northumberland county council will lose. If we do not know what the regulations and the circumstances are, it will be difficult for local authorities to plan. I do not understand why the Government are reluctant to come forward with a definition of disproportionate, or with the regulations.

We are supposed to be scrutinising the Bill on the Floor of the House. My hon. Friend the Member for Warrington North (Helen Jones) said that the reason for that is to give us something to do while the legislative programme is in a logjam in the other place. There is therefore no shortage of time to discuss the details. I do not know whether, in their haste to push the Bill through this Chamber, the Government do not think that they have time to draw up those regulations and explain the way in which the levy will work. That is very interesting. If we were doing our job properly, we should have a chance to examine the regulations.

If the Bill is passed in its current form, local government will look forward to its future budgets with some uncertainty. Local authorities cannot just turn their services on and off. Local authorities' long-term planning is done on an annual basis, but they need to consider not only how to make savings, if their budgets have to be reduced, but their investments. It is claimed that the Bill will encourage local authorities to incentivise business to grow in their areas, but if they do not know how much money they have to do that, it will be difficult for them to forward plan.

Andrew Gwynne: My hon. Friend makes a good point about uncertainty. If a local authority's income mid-year falls below what is in the budget plans, that causes all sorts of problems. That happened just the other year, with the in-year cuts. Local authorities had prepared a budget on an assumed amount for that year and ended up with substantially less funding.

Mr Jones: They did. If local authorities have to lay people off mid-year and sever contracts, that costs local government more. In County Durham, when we had those in-year cuts, it cost the council more money to sever contracts than it would have cost to allow them to fulfil them. No money was saved, but things were made very difficult for local councils, not only to plan their budgets but to manage services.

Alex Cunningham: My hon. Friend mentioned Alcan—a major organisation—and the tragedy in Northumberland. Does he recall when Samsung walked out of the Wynyard Park estate on Teesside, devastating the business rates in that area and throwing many people on the dole? Does he agree that a local authority's fortunes could rest on the whim of multinational corporations, which can move in and out at will? There is all the more need for a proper safety net for local authorities that face that sort of dilemma.

Mr Jones: My hon. Friend makes a good point and Samsung is a good example. Its inward investment provided jobs and income to the local authority. Such situations are more relevant in rural areas or constituencies such as his and mine in the north-east of England. When one single, large employer leaves, there is a disproportionate effect. I do not want to talk again about Westminster city council, but a single employer leaving that area does not have as devastating an effect on the employment base and on the local tax take.

Another thing that the Bill does not take into account is the increased demand on local government services when there are large closures such as the one to which my hon. Friend referred. There is bound to be more take-up of, for example, council tax benefit, even though the Bill cuts it by 10%. The Minister was on the letters page of *The Journal* in Newcastle trumpeting the Bill and saying how great it is, but he did not mention that it would come with a 10% cut in council tax benefit. He will be pleased to know that I have written to the paper to correct him and to ensure that readers of *The Journal* have the full facts about the Bill rather than the propaganda he is trying to put out.

Another concern is the centralisation of powers. The Bill gives power to the Secretary of State to decide the levy. In addition, as we have no definition of "disproportionate effect", that is down to the Secretary of State's whim. When we look at what the Secretary of State has used his powers for in the past 18 months, we see that he supports and rewards people who vote for his party—I take my hat off to him, because he is quite political. If we do not have a definition of "disproportionate", what is to say that he will not use the Bill to assist regions that he wishes to assist for political reasons?

The Bill means that the current or a future Secretary of State could punish councils that he or she does not favour, or that do not support one of his or her central diktats—the current Secretary of State talks about decentralisation but intervenes quickly to decide what local councils should do. If we do not have a definition of, or explanation for, "disproportionate" in the Bill, a lot of council chief executives and treasurers will be in fear each year of not keeping in with the Secretary of State, because he or she will determine whether they will get the budgets that their councils need.

Mark Field: I am sure the hon. Member for North Durham (Mr Jones) will be glad to hear that I am not speaking just to protect the ratepayers and businesses in Westminster.

This has been a worthwhile debate. I appreciate that the amendments were tabled for probing purposes, and I hope the Minister will elucidate precisely what the context of the word "disproportionate" is. I suspect I agree with my hon. Friend the Member for Poole (Mr Syms) that the context will change over a number of years, and that this is not a one-off opportunity for ministerial diktat to determine that money should be taken away from a local authority when there is a big change in one particular year for the reasons that were given.

I wanted to make a much more fundamental point. I appreciate that the Bill will go to another place. I suspect much of the real scrutiny will take place there and I hope that, by that time, we will have details on precisely what regulations will apply to each and every local authority. It shames the House that so much legislation is skated through it. That is partly because of guillotines, which have been around for the 11 years that I have been a Member of this place. We can also see that so much important scrutiny of the Welfare Reform Bill is happening in another place because there is not quite the same pressure on time there.

I hope the Minister satisfies us when he responds to what has been said because some valid points have been made. I am fairly confident that we are looking in disproportionate terms at exceptional circumstances, and I think that the context will become clear over a longer period, but it would be useful to have that confirmed by the Minister. I hope he will also confirm that we will have at least draft regulations brought forward as soon as possible, because otherwise there will be the eternal suspicion—only a suspicion and nothing more—that the Department will utilise huge discretionary powers, when if localism means anything, it means a devolution down of powers. That underlines what the Bill is trying to achieve—to incentivise local authorities. That can happen only if there are regulations that will be met with confidence across the political divide within local government.

5.30 pm

Mr George Howarth: It is a great pleasure to follow the hon. Member for Cities of London and Westminster (Mark Field). I sat through his speech last week on the first day in Committee, in which he pleaded the case for Westminster. I found it difficult to sleep that night, given the strong concerns that he raised about the consequences of the Bill for his constituency. On reflection, I decided that it might not be that bad really.

I have some sympathy with the Minister, with the amendments and, indeed, with the Bill. Local government finance generally is so technical that it reminds me of the Schleswig-Holstein affair. People think that they

[Mr George Howarth]

understand it, but many years later they have forgotten it. Some 25 years ago, when I was a local authority finance chairman, I actually understood multiple regression analysis, but if anyone were to intervene and ask me to explain it now, I would struggle.

John Healey *rose—*

Mr Howarth: My right hon. Friend would give me another sleepless night.

Mark Field: The right hon. Gentleman mentions Schleswig-Holstein, but he has not gone into detail about which local government Minister has gone mad as a result of all this.

Mr Howarth: I suspect that there are several candidates. I remember a few, but it would be churlish to name names.

I shall be brief, largely because my hon. Friend the Member for North Durham (Mr Jones) stole my thunder, but my concern is that in Knowsley we have two large private sector employers. QVC, the home shopping channel, employs about 1,500 people, and Jaguar Land Rover is also a major employer with more than 1,000 employees. There is no reason to believe that either company is in any danger. Both are very successful and are doing well, even in these straitened economic times, but what would happen if one were at some point to go bust—one of them represents 7% of the total business rates take? Unless there is clarity about what would happen in those circumstances, the effect on the finances of the borough of Knowsley could be appalling. We need clarity about what would happen in such circumstances. I hope, therefore, that when the Minister replies, or perhaps at a later stage, he can give some further and better particulars about how all this will work.

Annette Brooke (Mid Dorset and North Poole) (LD): I would like to make just a few comments, because I have listened intently to the discussion and found I am quite confused about the time periods that different people are talking about. I would like to ask the Minister what time of year the levy will be announced—that is critical—and also which year will be used. I have found it difficult to see whether we are dealing with historical data or doing it as we go along.

One big change will be that council finance officers are likely to be preparing monthly reports on the revenue from business rates, which will be different from what happened previously. I can see how that will focus the council's mind on what is happening to its business rates, as well encouraging it proactively to talk with its local businesses to check stability and so on. I can see a lot of positives in that, but I need to know what the stocks and flows will be—it is really confusing—what the time periods will be and when the announcements will be made.

George Hollingbery (Meon Valley) (Con): I wonder whether the hon. Lady knows the answer to a question that is confusing me—I apologise to the Committee for my ignorance about this matter. Once the baseline for a budget is set at the beginning of the year, is that set in concrete, so that it is paid via business rates through the Government and essentially becomes a central Government payment, or does it represent locally collected business rates that are not then given to the Government? In short, is that baseline interruptible or is the next year interruptible, when a council's business rates have gone down?

Annette Brooke: I think my hon. Friend is hitting on the same issue that I have in mind—the respective time periods. It is important that we have clarity on that and I thought I had, but that was before I listened to the speeches this afternoon. We know that we are starting off firmly—councils know how much they are getting in the first settlement—but we need to know what will happen when the new system really clicks in.

Robert Neill: This has been an interesting and useful debate. The right hon. Member for Knowsley (Mr Howarth) and I did a crash course in regression analysis at probably about the same time, when we were performing similar roles in local government, and I sympathise with him. He is quite right: the analogy with the Schleswig-Holstein question is frequently raised, sometimes with some justice, as I think pretty much everyone in the Chamber knows. I can happily inform him that I am not aware of any former local government Minister being driven mad as a consequence. It has sometimes been suggested that some former Ministers have been driven to tear their hair out, although I am perhaps not the best person in the Chamber to comment on that either.

This issue has certainly exercised a number of right hon. and hon. Members in a most constructive way. It has also caused a number of us to be engaged in quite a lot of detailed debate, because, by its nature, whatever system we use—the existing system, the previous system, when we had relative needs assessments, standard spending assessments and so on, or the future system—there will always be quite a lot of technical detail. A lot of the detail will inevitably be in regulations of one kind or another.

Let me try to reassure hon. Members on a number of points. The provisions in the Bill set out the scope for regulations to be made. I say to the hon. Member for Warrington North (Helen Jones) that the phrasing of her amendment 27 would create a duty to have regulations, rather than a permission. I hope she will not pursue that point at this stage, because I cannot conceive—it is certainly not my intention—of the Secretary of State proceeding other than by way of laying regulations. It would be inappropriate to fetter the Secretary of State's discretion. I can assure her that our intention is that regulations will be laid in the ordinary course of the scheme's operations.

Secondly, let me assure hon. Members that we intend to consult local government and other interested parties on the regulations in a timely fashion. The hon. Member for Warrington North knows from her experience in local government that, at present, the Secretary of State lays the finance report and there is a provisional settlement and scope for representations. I hope I can reassure hon. Members that it is certainly our intention that the system will include the ability to make representations. It is by no means unusual for regulations to be introduced during a Bill's passage through Parliament. I think that that happened during every local government Bill with which I was involved in the previous Parliament. Of course there will be consultation on the drawing up of

the regulations to set up the scheme, as well as an opportunity for representations to be made during the course of the Bill.

Helen Jones: I am grateful to the Minister for clarifying the Government's intention to proceed via regulation, but it would be helpful if he explained exactly why he thinks it would be wrong to fetter the Secretary of State's discretion, because that leads us to think that the Secretary of State might want to proceed in another way. Will he assure us that that is not the case?

Robert Neill: It is certainly not our intention that that would be the case in the ordinary course of events. I think that the hon. Lady is unduly suspicious, perhaps as a result of her spending a long time in the Government Whips Office during the previous Parliament; I can understand how that could happen. It is conceivable that certain urgent circumstances might arise in which we might wish to proceed differently, but it is not our intention to set out these measures in anything other than a transparent process. I want to assure hon. Members of our good faith in that regard.

I also want to make it clear that amendments 27 and 40 are unnecessary and would narrow the options available to the Secretary of State in drafting regulations about the calculation of levy payments. We believe that it is right and proper that the measures should be set out in regulation rather than in the Bill, and I restate my assurance that we will work with local government on the content of the Bill. Any regulations will be subject to the affirmative resolution procedure in the House, and therefore subject to maximum scrutiny. At this stage, however, I do not want to limit us before we consult local government on the design of the scheme. I think that that is reasonable.

Mr Raynsford: What the Minister has just said is really unacceptable. He says that he does not want to limit the options available to the Government before they reach a decision. He knows that this Committee is here to scrutinise the Government, but he is proposing a doctrine whereby the Government should be free to do whatever they want and not be subject to parliamentary scrutiny. Will he now please answer the question we have already put to him? What are the principles that will guide the levy system that he is giving himself powers under this clause to operate? On what principles will it operate?

Robert Neill: The right hon. Gentleman really should not work himself up into a state of needless indignation, particularly in the light of his history as one of the most centralising Ministers this House has ever seen. I am not going to take any more lessons from him on this, given his record, anxious though he is to remind us of it at every opportunity.

It is our intention that the system will operate in such a way that, if areas such as that of the right hon. Member for Knowsley or the area around the Alcan plant in Northumberland should suffer significant loss of business rate revenue through the closure of a firm, for example, there would be a safety net to protect local authorities. That would come from the proceeds of a levy on disproportionate growth. That is a perfectly simple and comprehensible principle, and I think that the right hon. Member for Greenwich and Woolwich (Mr Raynsford) knows that.

Mr Kevan Jones: In trying to answer the question from my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford), the Minister has raised more questions. He mentioned Alcan, for example, and if he is not prepared to say now what he thinks is disproportionate, how can the Committee scrutinise his proposals? I accept that it is very important that he consults local government but, surely, as the Bill goes through, Members should have a chance to question it and to have some input into the regulations, but the Minister is not prepared to give us that chance.

5.45 pm

Robert Neill: I am sorry to say to the hon. Gentleman that he is incorrect. As I said a moment ago, we intend to ensure that the regulations are scrutinised under the affirmative resolution procedure, so there will be that precise scrutiny of the detail. There is more than one way of calculating what is disproportionate in such circumstances, so it is right that there is the opportunity to consult local government on how best to perform the calculations before coming back with proposals, which Members will certainly have every opportunity to scrutinise.

Mark Field: Given the context of the discussions that have taken place, I think it would help the Committee if we had at least some idea of what the Minister thinks "disproportionate" means. Members on both sides of the Committee have given a number of examples of what they might regard as disproportionate. Would the building of a new town that doubled the population of an area count as disproportionate? Would the opening of a nuclear power station count? Given that we are trying to scrutinise the Bill, it would be helpful to have some idea of what the Minister regards as disproportionate and about the time context. One benefit, as I see it, of this Bill is that it puts a 10-year cycle in place, so presumably things happening over the course of a single year would be taken in context and would not fall foul of the "disproportionate" definition—or perhaps they would. It is in the Minister's hands.

Robert Neill: I understand my hon. Friend's point. I will not go down the route of giving such a specific example, but I would say that it is worth bearing it in mind that we are considering disproportionate growth in business rate income, so one does not necessarily have to consider a particular development in itself, but the impact overall of the business rates income. I can assure him of that.

As regards my hon. Friend's point and that made by my hon. Friend the Member for Poole (Mr Syms) on a related topic, paragraphs 27 and 28 of schedule 1, as I recall, make provision for the calculation of the levy account and set-aside account to be made annually, but there is also provision, after the first year, of course, for a balance to be carried over. That can be done over a period of time and there is therefore an element of an opportunity—and it would be appropriate—to build in a measure of insurance over that period so that moneys could be collected and held in reserve to deal with potential set-asides in different years. I hope my hon. Friends' points are answered.

Mr Syms: I think we are starting to learn a little bit more about this now. If there is a balance and it builds up—that is, if there is income from those that are

[Mr Syms]

gaining rather more than those that are not—will there be a redistribution at some point when there is a reset to local government?

Robert Neill: I envisage that the whole situation would be reconsidered when a reset was reached. The balance would itself have to be the subject of a report by the Secretary of State and would therefore have to be subject to scrutiny. I can assure the hon. Gentleman that it is not intended that the Secretary of State should somehow hoard the balance or squirrel it away, other than for the purposes of making safety net payments. That is why there are separate accounts.

Mr David Ward (Bradford East) (LD): I am less concerned about a surplus on the account, as amendments we will consider later cover what should happen to that. What will happen if there is a deficit on the account, which has accumulated over a series of years of general economic decline?

Robert Neill: Inevitably, one would have to consider revisiting the levy. As it is reported annually, the objective gives us the chance to review the balance of the accounts to ensure that there is a sensible equilibrium. Let us hope that we do not reach such a situation, but my hon. Friend's point is fair. There is provision for that flexibility.

Helen Jones *rose—*

Robert Neill: Perhaps I might make just a little more progress.

The whole point of our concern is the need to give an incentive at all times for local authorities. We therefore do not envisage ever reaching the circumstances in which the levy is of such a kind that over time it destroys the incentive. That is why there is the aspiration to have 10 years between the resets to allow the incentive to work through. We will consult local government and then place our basis before the House for scrutiny, and I assure hon. Members that this is not intended to choke off the incentive for any local authority to go for growth. Equally, I want to assure authorities that have concerns, such as Knowsley, that there will be a proper and viable safety net that can be kept in balance to give them the necessary protections.

On the point made by my hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke), the provisions in the schedule essentially mean that there will be a report annually. There will still be the annual financial report—that is why there will still be opportunities for representations to be made—and we will consult on the regulations well in advance of their coming into force in 2013-14. As far as possible, we intend to give at least the same degree of notice as local authorities currently have. As my hon. Friend will know, consultation usually starts around the summer and then there is the period when the provisional settlement is announced, generally in December and thereafter.

Helen Jones *rose—*

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): Order. I am sorry Minister, but—

Robert Neill: I am delighted to see you, Ms Primarolo.

The Second Deputy Chairman: Good. I would like to hear you as well as see you.

Robert Neill: I am sorry. I was distracted momentarily by my hon. Friend the Member for Mid Dorset and North Poole. You can understand how I am torn in those circumstances. I hope you will forgive me.

The Second Deputy Chairman: Perhaps the hon. Gentleman could move closer to the microphone and then we could all hear his excellent explanation.

Robert Neill: I shall do so.

Helen Jones: The Minister is being generous in giving way. Will he answer the point I put to him earlier? If an authority loses a major employer before the determination of its rates baseline and it then somehow replaces that employer and its income goes up, will that be counted as a disproportionate gain?

Robert Neill: First, it will depend on whether it was in a top-up or tariff scenario. Secondly, precisely because we are looking at two things, the normal arrangement will be that the calculation and the report are made annually. However, in the detail of the regulations there is provision, which we may not need to use, to consider in-year payment if something were to create some catastrophic loss that could not be made up. I am sure the hon. Lady will concede that these are precisely the details that we ought to be talking to local authority professionals about—particularly how best to achieve what we want.

Mr Kevan Jones: May I pick up on what the hon. Member for Mid Dorset and North Poole (Annette Brooke) said? In terms of an employer leaving an area—let me take the example that my right hon. Friend the Member for Knowsley (Mr Howarth) used and suppose that an employer left after the determination—will there be a mechanism by which the Secretary of State could compensate the authority for that loss in-year? If not, it will be very difficult for local authorities to set a legal budget.

Robert Neill: As I recall, when we get to paragraph 26 we are looking at that ability, but let me double-check the exact paragraph. One has to look both at this part and at the part that deals with the safety net. In paragraph 26 of the schedule, there are regulations that can be made about payments on account. We envisage circumstances in which the Secretary of State may make an in-year calculation in response to a request, and regulations can be drawn up to deal with that eventuality, which is a fair one. I hope that puts the hon. Gentleman's mind at rest.

Mr George Howarth: This might make me a bit unpopular on the Opposition Benches, but I think it is perfectly understandable that the Minister might want to deal with the detail of this, after consultation with local government, through regulations that will go before the House. That is not unreasonable, but it would help many of us if rather than giving the detail of the regulations he gave some indication, either now or later in the afternoon, of the principles he would like to adopt in the regulations and on which they would be based.

Robert Neill: I think I can help the right hon. Gentleman and I note the very constructive way in which he makes his point. There are two things that one has to distinguish, the first of which relates to the period of setting the baseline regarding tariffs and top-ups, which are adjusted by inflation. The idea of the levy and the set-aside is to deal either with a level of growth well beyond that rate or with a loss of business rates well beyond it. The principle of the system is to make sure that beyond the tariff and the top-up a sufficient amount of growth can always come through, for those who achieve growth, so there is an incentive effect. It would clearly be wrong to define "disproportionate" in such a way as to cream off any prospect of growth. That is why it is sensible to consult local government on quantums and the methodology for achieving that.

Equally, we can envisage circumstances, although we hope they will not occur, in which local authorities suffer significant losses in their rate base, which are greater than would occur with the normal volatility of business rate fluctuations and which they can do nothing about. That is what is suggested might happen when someone moves out. We have always indicated that we intend there should be safety-net protection for such authorities, which should be paid for from a levy on what we regard as disproportionate gain. If one gives words their ordinary English meaning one sees that we are talking about a system that will not scoop off all the incentive, and I think we can talk sensibly, from the experience of local authorities, about means of achieving that. I want to assure hon. Members that that is the scenario we are looking at.

John Healey: I want to believe that the Minister can make this work, but the more I listen to him, the more complex and uncertain this system seems to me. I wonder whether he has really grasped this issue and whether he has looked at his own authority. In 2006-07, his authority—Bromley—suffered a loss of business rate income of more than half. In at least two of the following five years, the volatility was more than 10% of the total business rate income. In that sort of situation, which has been exemplified within his own authority, the system of top-ups and tariffs will be complex and uncertain, and some authorities will find themselves top-up authorities in one year and tariff authorities in the next. That will make essential local government planning very difficult.

Robert Neill: With respect to the right hon. Gentleman—I have genuine regard for his attention to detail in these matters—we have made it very clear from the outset that the top-up and the tariff will come as a consequence of the setting of the baseline, which will not change until the reset. The protection that authorities will have is that the amount of the top-up and the tariff will move with RPI, so there will not be erosion because of that. All that is separate from the set-aside—the safety net, in effect—and the levy, which will deal with significant loss when someone closes down a business or something of that kind.

John Healey: I am grateful to the Minister, who is being generous in giving way. Whether it is the top-up and the tariff or the set-aside and levy that are designed to deal with this wild volatility, the central point remains: many local authorities, including his, see great variations year on year in their business rate income. That makes essential financial planning and management, particularly when finances are tough, much harder to do and calls into question the very design of the new system.

Robert Neill: With respect to the right hon. Gentleman, he makes the case for having a decent period between the resets, with the protection of the uprating of the tariffs and top-ups. I know that he follows these matters closely, but there is a distinction between the operation of that system and the levy and safety-net arrangements. On his criticism about complication, I have to say that although he did not create it, he presided in a distinguished and elegant fashion over the four-block system. If anyone thinks that is simple, then I say that Schleswig-Holstein is a minor province of outer Mongolia by comparison. This system is simpler and more transparent and it gives an incentive. That is why my authority welcomes the principle. However, because I accept that these are technical matters, as the right hon. Gentleman knows from his experience, it is sensible that we have the flexibility to consult on the options right across the board and, when we have consulted local authorities, they will be scrutinised by the House under the affirmative resolution procedure.

6 pm

Mr Kevan Jones: Clearly councils will be compensated if they have significant losses, but the hon. Member for Bradford East (Mr Ward) made the good point—although it is a rare occurrence—that in one year there could be a big draw-down of the central fund. What level of central contingency will have to be kept back to address any significant changes year on year?

Robert Neill: That is a degree of hypothesis that it is not realistic to deal with at this stage. If the hon. Gentleman looks at the detail of the regulations, he will see that the very fact that we are creating the ability to carry over year to year makes provision to deal with the point he makes.

John Healey *rose—*

Robert Neill: I have been very generous and I am about to finish, but I will give way once more.

John Healey: The Minister has indeed been generous, but these are Committee proceedings. May I pursue the point raised by my hon. Friend the Member for North Durham (Mr Jones) about what constitutes a significant drop? Would the Minister regard as significant the £52.2 million drop in his Bromley local authority's business rate income in 2006-07? Would he regard last year's drop of £5.5 million as significant? For the purposes of the provisions we are debating, would he regard both, either or neither as significant to his local authority?

Robert Neill: With respect to the right hon. Gentleman, to answer the question in those terms would prejudge the whole point of the consultation. I shall not do that. Hon Members have probed and have, I think, received clear answers, so I hope they will withdraw the amendment. If not, I ask the Committee to vote against it.

Helen Jones: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Chris Williamson (Derby North) (Lab): I beg to move amendment 30, page 22, line 28, leave out 'may' and insert 'must'.

The Temporary Chair (John Robertson): With this it will be convenient to discuss the following:

Amendment 48, page 23, line 9, at end insert—

'(5) The regulations must make provision for safety-net payments to be made to relevant authorities whose calculated funding is less than the relevant funding calculated in regard to the authority fulfilling its integrated risk management plan.'.

Amendment 31, page 24, line 28, leave out 'may' and insert 'must'.

Amendment 32, page 24, line 37, leave out 'may' and insert 'must'.

New clause 2—*Major redevelopment schemes: non-domestic rate income*—

'(1) In any case where a relevant authority proposes a major redevelopment scheme resulting in a substantial loss of non-domestic rate income for a period exceeding one year, the authority may make an application to the Secretary of State for a safety-net payment to be made to the authority each year for the period of the scheme. The Secretary of State must determine whether to make such a payment having regard to—

(a) the proportion of non-domestic rate income which will be lost to the authority for the period of the scheme, and

(b) the future social and economic benefits of the scheme.

(2) The Secretary of State must notify the authority of his or her decision on whether or not to grant a safety-net payment and allow the authority 28 days to make representations about his or her decision before issuing a final determination.'.

Chris Williamson: It is a great pleasure to serve under your chairmanship, Mr Robertson.

Amendments 30, 31 and 32 were dealt with in some detail in the previous debate, so I shall not detain the Committee unduly by going over old ground. However, I shall speak in more detail about amendment 48, which would add a new protection in the Bill to ensure that fire authorities are enabled to fulfil their integrated risk management plans.

The plans enable fire and rescue services to develop a balanced approach to reducing risk within the communities they serve, and I hope that the Minister will look with some sympathy on the intentions behind the amendment. The plans combine prevention, protection and emergency response on a risk-assessed basis to improve the safety of local communities and to create a safer working environment for firefighters. They also include measures to help the community speedily recover from the aftermath of an emergency and to minimise the impact both to people and to the local economy. It is thus absolutely essential that funding for the fire service does not fall below the minimum amount required for it to carry out its vital duties. The amendment has the aim of ensuring that the obligation is on the face of the Bill. It would protect, through a safety net payment, authorities that might otherwise receive less funding than was required for them to fulfil their duties under the integrated risk management plans.

I understand that Ministers believe the financial risk will be mitigated by fire authorities receiving a percentage of the rates of the district authorities in their area, but what if they are wrong? They would be putting the safety of the general public at risk. If they are confident that their predictions are right, the safety net payment mechanism would never need to be evoked. Either way, I hope the Government will support the amendment.

In their response to the consultation on the changes, the Government said that if some fire authorities had their funding outside the business rate retention scheme, they would not be incentivised to make savings. We believe that is both unfair and untrue; fire authorities have all the incentive they need, which is to make their communities safer places by maximising their resources. The changes would also play fast and loose with the health and safety of the general public. The essential principle is that funding for fire services should be based on the risks and needs of the area, not solely on local economic circumstances.

Many local authorities engage in significant redevelopment schemes. I invite the Committee to look at how city centres have been revitalised in Derby, Leeds, Leicester, Manchester and many other cities, but some developments involve more than changing the shops or regenerating old buildings. They can involve a significant amount of demolition before a new project begins. New roads may be required, and some buildings may not be suitable for conversion, or they may not be worth saving.

That was the case when we regenerated the centre of my home city of Derby. Had that scheme gone ahead under the Government's proposed new system, a significant amount of business rate income would have been lost to the local authority. Those situations can be addressed when the rates are pooled, but we fear that such projects might not go ahead under the new scheme because of the uncertainty it will create.

If shares of business rate income are to be decided year on year, an authority cannot plan effectively for a long-term project. They could use tax increment financing to fund the project itself, but that has two drawbacks. If they use a TIF 1-type scheme, there are problems if the scheme extends beyond 10 years because there may be a reset of the system by the Secretary of State. Such a time scale is possible for some major schemes, and we should like resets carried out before 10 years. A TIF 2 scheme has to be in an area designated by the Secretary of State and can only secure income to the authority when it is completed. The borrowing in such schemes is likely to be used to pay for the project; it is capital, not revenue.

New clause 2 is therefore intended to assist local authorities when they are undertaking such schemes. It would enable them to make an application in advance to the Secretary of State for a safety net payment to be made to them for the duration of the scheme. The Secretary of State would decide whether to make such a payment based on a consideration of the proportion of its income the authority would be losing and the future social and economic benefits of the scheme. That would allow a kind of cost-benefit analysis to be undertaken before a decision was made.

We have also sought to include social benefit in the calculation. The purpose of that is to ensure that issues such as the types of job to be created, rather than the number of jobs, could be looked at if there was an economic imbalance in the area. It would also enable other social benefits to be taken into account, such as improved transport access, community facilities, and access or provision for disabled people.

We have deliberately chosen not to limit any examination of social and economic benefits to the area covered by the local authority undertaking the scheme. That is because schemes may be on the border of another local authority, or may benefit those in a larger travel-to-work area. It is right that all the benefits to a wider area should be taken into account, especially when only one local council is bearing the loss of business rates.

If a scheme proposed by a local authority was deemed to have a social and economic benefit, the Secretary of State could agree that the authority would receive a safety net payment for the duration of the scheme. That would give the local authority certainty that its loss of business rates would be compensated for throughout the scheme, rather than it having to wait to see, each year, whether it had received a payment. That would encourage local authorities to go ahead with schemes that had real benefit, and would protect local services.

The new clause would also allow local authorities to make representations to the Secretary of State once he had notified them of his decision, and prior to a final determination being made.

Mr John Leech (Manchester, Withington) (LD): Will the hon. Gentleman say exactly what he defines as a major redevelopment scheme?

Chris Williamson: I think I covered that point in my opening remarks, but the sort of thing that I am thinking of is redevelopment of a city centre. I cited my home city of Derby. There are many similar examples of schemes that required significant disruption; there is Birmingham, and many other cities—too many to enumerate. That is the type of thing I am referring to when I talk about major redevelopment.

Mr Leech: Would the term "major redevelopment" be based on the proportion of business rates that were to be lost? If a redevelopment resulted in a small reduction in business rates, that would perhaps not be classed as a major redevelopment, whereas a smaller redevelopment could result in a bigger loss of business rates.

Chris Williamson: That is a fair point, and where development was not significant, there would be little point in applying for a safety net payment. Local authorities would be in the best position to judge in what circumstances they would apply for such a payment. I think that we know what we mean when we talk about a significant, major development of a city centre. The sort of scenarios that we are envisaging, would involve not a small redevelopment of a tiny corner, but a significant development of a city centre.

As I said, the new clause would allow local authorities to make representations to the Secretary of State. That is only fair to local authorities. If they believe that the benefits of the scheme were not properly taken into account, or if calculations relating to it were incorrect, the new clause would allow them to say so. That would promote good governance and good decision making by allowing local authorities to mount a challenge. The final decision, of course, would be left with the Secretary of State.

The new clause tackles an issue that was not really considered during the drafting of the Bill, but is vital for a number of councils across the country, so we are minded to divide the Committee on new clause 2, and we look forward to hearing the Minister's views on it.

Ian Austin (Dudley North) (Lab): It is always a pleasure to serve under your chairmanship, Mr Robertson. I want to speak in support of amendment 48 and take this opportunity to ask the Minister to meet me and colleagues from the west midlands, and members and officials from the region's fire authority, to discuss how our fire service is funded. I reiterate the remarks made by my hon. Friend the Member for Derby North (Chris Williamson), who asked the Minister to consider the case for safety net payments to be made where funding would otherwise be below that required by a force to follow the integrated risk management plan.

6.15 pm

The Prime Minister promised that front-line services would be safeguarded, yet the services that my constituents receive are being affected as a direct result of the way in which fire services in the west midlands are being funded and of the cuts and savings being made. I am worried that, as my hon. Friend said, there is substantial risk of some authorities having less funding than is required to fulfil their duties. I want to talk a little about the situation in my constituency to illustrate those concerns.

When Sedgley fire station closed three years or so ago, the station in Dudley got an extra targeted response vehicle, in addition to its two engines. Under new proposals set out by the fire authority, one engine will go, and the TRV will be replaced by a brigade response vehicle—an adapted Range Rover—leaving the town of Dudley, despite its size, with one engine and the new response vehicle. When Sedgley closed down, the authority said that parts of Sedgley would be covered by fire engines from the Tipton station, but that is to lose an engine, too.

All fire and rescue services were expecting cuts as part of the comprehensive spending review settlement, and had been planning well in advance to protect the service provided to their communities, but the cuts have presented some with more of a challenge than others.

Alex Cunningham: Is my hon. Friend aware of the situation facing the fire service in Cleveland? Teesside is the biggest fire risk in Europe, yet it faces similar cuts. Cleveland has some innovative ideas for cutting costs, and it has done extremely well—I am proud of what it has achieved—but it has been asked to go too far. That is perhaps all the more reason why the amendment needs to be accepted. There should be proper safeguards in place in the highest-risk area in Europe.

Ian Austin *rose—*

The Temporary Chair (John Robertson): Order. May I ask the hon. Gentleman to come back on to the amendment? We are not here to talk about fire services.

Ian Austin: Absolutely, Mr Robertson, but the point that my hon. Friend makes is accurate. It is clear that fire services are not funded fairly; that is the point I want to make. Some forces, such as the one in the west

[Ian Austin]

midlands, face more challenges than others. It is important that an amendment like amendment 48 be considered, so that we can make up for the shortfall in funding that some forces receive. If you will allow me, Mr Robertson, I shall set out why I think we are in this situation.

It is clear that the way in which funding is provided to fire services is not fair. In October 2010, the Chancellor announced an average cut of 25% to fire service formula grant over the next four years. That settlement was expected to be tougher for those services, such as West Midlands and Cleveland, with a heavier reliance on formula grant, but we were told that it would be fair. When the exact figures were announced for each service, it was immediately obvious that the cuts were anything but fair. Some forces have been handed increases in their formula grant, and clearly would not need the benefit of amendment 48, but others, such as the West Midlands fire service, face severe cuts.

Looking at revenue spending power, it is clear that the West Midlands fire service was hit hardest of all, with cuts that were twice the national average. Even taking into account the effect of the proportion of council tax to grant, and the small special grant to encourage a council tax freeze, some brigades—such as Cheshire, which happens to cover the Chancellor's constituency—will receive more money in formula grant in 2012-13 than they did in 2010-11. Cheshire is getting more than £400,000 extra in formula grant, Essex is getting an extra £700,000, and Hampshire an extra £800,000. As a result, Cheshire's total increase in revenue spending power between is 1.84%, or £800,000 extra in cash. When it comes to the fire services, it is absolutely clear that we are not all in it together.

The formula ought to be reviewed to take local factors into consideration. The failure to do that makes the case for special safety nets even more compelling. The formula used to decide on the settlement does not take into account a number of key considerations. For example, many of the most deprived areas are among the worst hit, despite the well established link between deprivation and fire. Four of the five most deprived fire authority areas in the country are metropolitan brigades, and those currently have to find the heaviest savings. Their financial positions are the most difficult.

Part of the reason that we stand to suffer most in the west midlands is that we maintain the lowest council tax precept in the country, at just £47.83 for a band D property, compared to as much as £87 for people in County Durham. We are therefore much more heavily reliant on formula grant than others and receive a greater cut in our overall spending power.

Andrew Gwynne: My hon. Friend makes a pertinent point about the way that metropolitan fire authorities in particular are funded. He will know that, similar to the situation in the west midlands, Greater Manchester fire and rescue authority is making £4.6 million of savings this year. For the next two years, depending on which scenario one looks at, there could be between £8.6 million and £16.7 million of savings—very substantial reductions in spending power in an area of high risk. Does he agree that it is crucial that we make it clear to Ministers that we expect a fairer mechanism for funding metropolitan fire authorities?

The Temporary Chair: Order. I remind hon. Members that we are talking about safety net payments, not general payments.

Ian Austin: Of course, Mr Robertson, but to understand the case for the safety net payments, it is important to look at the way in which fire services are currently funded, because that demonstrates the need for those safety payments.

The Temporary Chair: I take the hon. Gentleman's point, but I think we will go back to the safety net, if that is all right with him.

Ian Austin: Indeed, Mr Robertson. It's a fair cop, I suppose. I shall draw my remarks to a close. It is clear to me that the West Midlands fire service is making all sorts of reforms, more savings in the way the force is managed and run, and cuts to services too, which many other forces around the country are not having to make. It is faced with the prospect of even more severe cuts over the next couple of years. It is not at all clear how it can make those cuts without a huge impact on the services that it provides to people in the west midlands.

Will the Minister meet me, colleagues from the region and representatives of the fire authority to discuss whether a fairer distribution of resources would safeguard services such as those in Dudley? As I said at the outset, will he consider the case for the safety net payments to be made where funding would otherwise not allow forces to meet the integrated risk management plan?

Alex Cunningham: I shall speak in support of amendments 30, 31, 32 and new clause 2, but before I start, I seek your guidance, Mr Robertson. I referred earlier to the Cleveland fire authority. Perhaps I ought to have declared the fact that my wife, Evaline, is a member of the Cleveland fire authority.

The Temporary Chair: It is up to the hon. Gentleman.

Alex Cunningham: Thank you. I so declare, so that people do not think it is my wife's individual management that has led to the improvements. She shares my anxieties about the cuts that the fire brigade faces there.

I am by no means against reforming the way in which local authorities and central Government work together to collect and distribute tax, or the various mechanisms put in place to protect the system, but I recognise that the current system has its flaws. It is vital that the systematic inequalities in the country are addressed. The provisions suggested by the amendments do that. The Bill fails to recognise the simple fact that different councils must be provided with different levels of resource to meet different needs in order to prevent any form of postcode lottery, which would otherwise exist in the provision of services.

The amendments put a clear requirement—not "may", but "must"—on the Secretary of State to take specific actions to ensure that all councils are provided with clear regulations within which they must work, and the Government as well, and allows councils the specific right to challenge. New clause 2 provides a comprehensive safety net for local councils which find, as others have described, that a major redevelopment scheme results in a substantial loss of non-domestic rate income for a period exceeding one year. Without specific powers—it is so important that they are specific—and requirements for the Secretary of State to intervene, I fear that

countless councils, including those in north-east England, could be left high and dry and unable to continue to provide the range and depths of services required by our communities.

It is no good the Secretary of State having a series of discretionary powers in this area. He must be able to intervene to avoid wide-scale financial hardship which would leave local authorities no option but to slash services. Councils' differing ability to generate business rates must be taken into account. Many local areas with vulnerable economies require support and Government investment in their infrastructure if they are to grow, particularly in the north-east, where the investment and growth that took place as a result of the positive intervention by the Labour Government are being reversed. The need for councils' differing ability to be taken into account is recognised by the Tory-led Local Government Association, which strongly advocates the incorporation of safeguards to help authorities that raise relatively low amounts of business rates.

No one would disagree that there is substantially greater need in the north-east because of pressures on local services and smaller commercial and business areas. For example, in my Stockton North constituency there are several times more children on free school meals than in Wokingham, and our local authority faces around double the cost of providing residential and nursing care. Despite the diversification of the north-east economy under the Labour Government and considerable action on health and poverty, which saw the gap in life expectancy narrow, sadly the region still has about 33% of its population living in the most deprived areas of England.

Unemployment is also disproportionately impacting on the north-east, standing at 11.7%, compared to a national average of 8.4%. In my constituency, the local government finance settlement has already determined that Stockton council will receive £77 million in the current financial year. That is a 12% reduction on 2010-11 and higher than the average English reduction of 11.1%. Going forward, the 2012-13 settlement is to fall further by 8.8%, compared to 8.2% across England, so we need the safeguards proposed in the amendments.

Such a significant reduction in income means that councils such as my own in Stockton would no longer be able to provide the same level of public services in their area by charging a similar rate of council tax. They would inevitably have to make deeper cuts in their budgets, thereby putting greater pressure on the delivery of the most essential local services, exacerbating the inequalities that unfortunately plague this country and are worsening under the coalition Government. It should be emphasised that the previous Government made significant gains in bridging the equalities gap in Britain. The north-east especially benefited from a proactive Labour Government, determined to improve the prospects for the whole country.

Based on gross value added per head indices, the rate of growth in the north-east went from being the lowest of the regions during the 1990s to being the second highest during the past decade. Employment growth between the mid-1990s and the 2008 economic downturn increased by 11.2%, compared to 9.2% nationally. Despite the common view that the north-east had become over-reliant on the public sector at the expense of the private sector, between 2003 and 2008 private sector employment rose by 9.2%, whereas public sector employment grew by only 4.1% during the same period. Between 1999 and 2007 the number of north-east businesses rose by 18.7%, just a fraction below London's business growth of 19.6% for the same period. What a testament to the work of our regional development agency and local authorities in the north-east.

Unfortunately, that hard work is being overturned by a reckless coalition Government, and we need the Bill to address that. One of the Government's first actions was to abolish One North East, our regional development agency, and the regional Ministers, who had played an important role working with the private sector on large-scale investment programmes. The net effect has been a two-thirds cut to regional development funding and the establishment of a much smaller national fund to which every region must compete for investment.

6.30 pm

Mark Tami (Alyn and Deeside) (Lab): I am sure that my hon. Friend would agree that One North East was regarded across the country as one of the most successful RDAs, which shows just how stupid the Government's blanket removal of RDAs was.

The Temporary Chair: Order. The hon. Gentleman knows that we are not here to talk about RDAs.

Alex Cunningham: I will talk instead about PricewaterhouseCoopers, which evaluated the work of RDAs between 2002-03 and 2006-7 and demonstrated their role in improving economic output from investment. Its report showed that every £1 invested over the period achieved at least £4.50 in economic output. They were extremely successful, yet now we are seeing the reverse. That is all the more reason why we need specific powers for the Minister to intervene and make up for the bad times when investment falls and companies leave the region. The diminishing opportunities in the region mean that a safety net is required all the more to protect our services. To localise business rates in the way the Government propose and create a system that would threaten the already uncertain future of the north-east's public services at a time of high unemployment, greater deprivation and child poverty, an ageing population and worsening health inequalities is simply madness.

We still need something similar to the organisations that you, Mr Robertson, said I should not refer to, in order to provide a comprehensive, holistic and proactive means of creating growth in deprived areas. Local enterprise partnerships, working with local councils, must be provided with the proper means of attracting investment and creating the jobs our people need. Without that, regions such as the north-east will simply not have the opportunities to grow their businesses and their commercial base, yet the Bill fails to address the likely need for intervention when real growth eludes certain parts of the country and the powerhouse of the south-east ramps up investment and income from non-domestic rates.

Instead, the Government are introducing a system that will increase inequality and, frankly, is insulting to local authorities because it relies on the assumption that they are currently apathetic about growth in their areas. Local councillors would cut off their right arms to create jobs and investment in their areas, and if the

[Alex Cunningham]

Government think that some kind of overnight entrepreneurial revolution will take place as a result of the Bill, they are simply being foolish.

Any discussion of local authority finances must also include the differing ability to generate council tax revenue. The proportion of properties in different council tax bands varies widely from one area to another, making a significant impact on a council's ability to raise revenue. The Association of North East Councils has calculated that localising business rates will result in the top 10% most deprived areas losing four times as much in spending power as the least deprived 10%. The north-east will experience an average cut in per capita spending power between 2010-11 and 2012-13 of £120, whereas the south-east will receive a cut of £31.

In his first Budget, the Chancellor promised to create

"an economy where prosperity is shared among all sections of society and all parts of the country".—[*Official Report*, 22 June 2010; Vol. 512, c. 167.]

However, for those trapped in some of the worst hit areas in 2012, former Chancellor Geoffrey Howe's "managed decline" might sound like an entirely apt description of the Government's approach to local government. They must think again and accept the amendments if they are to have any chance of realising the shared prosperity vision that they claim to have.

The Temporary Chair: Given the breadth of recent contributions, I do not think that we need to have a stand part debate on schedule 1. Any Members who wish to speak have a chance to do so now or when we debate the next group of amendments.

Robert Neill: It is good to see you back in the Chair, Mr Robertson. I will do my best to confine my remarks to the amendments we are considering. I am of course always happy to meet any hon. Member to discuss the funding arrangements for their local fire authority. I hope that it goes without saying that I also meet members of fire authorities and will continue to do so.

Let me deal first with amendment 48. I hope that the hon. Member for Derby North (Chris Williamson), upon reflection, will withdraw the amendment, on the grounds that it is impractical and ill conceived. It would not do the job that it is intended to do because it misunderstands the nature of integrated risk management plans. That plan, which every fire authority has, is a locally produced and consulted document, drawn up by professional fire officers and debated by members of the fire authority, relating to the allocation of local need to deliver the budget that they already have. It is not, and never has been, a tool for determining the distribution of resources between fire authorities nationally, and it has never been designed or used as a means of comparing need between local fire authorities. That is not the case now under formula grant, and it would be illogical for it to be so under the business rate retention system that will replace it.

There is a means of taking into account need and risk in the fire sector within the current system, and there will continue to be such a means under the new system's baseline arrangements. The baseline funding calculation for the resources each local fire and rescue authority needs to deliver its services is already based on needs and risk, because the fire resource element within the formula includes the need to take account of deprivation, control of major accident and hazard sites—major risk sites, in other words—fire safety enforcement, community fire safety and so on. That was updated at the last settlement to reflect a consultation with local fire authorities. Because the baseline under the business rates retention system is based on the formula grant assessment we have for the current year, the needs and risks are already taken onboard. They are therefore covered in the baseline calculation and will be uprated, as I have indicated, by RPI in the same way as for anyone else.

Chris Williamson: Can the Minister assure the Committee that all fire authorities in the country will have sufficient resources under the Bill to fulfil their integrated risk management plans?

Robert Neill: No one has suggested to me that they do not have sufficient resources at the moment, and nothing in the current proposals would change the relationship between the IRMPs and the current plans. I am sorry to say that the hon. Gentleman misunderstands what is a pretty fundamental part of the operation of fire planning. IRMPs are not a national resource allocation tool. Currently, the needs formula within the resources and needs element of the formula grant calculation separately allocates moneys to each fire authority. The authorities then consult locally on the design of their IRMP, and it is on that basis that they decide on the deployment of appliances, personnel, stations and so on. That is the case now, and it will not be changed in the slightest under the new scheme.

Chris Williamson: Of course I acknowledge the Minister's point on the distribution of funds, but we are entering a new era, and the fact is that under the new regime fire authorities could be well short of the funding required to fulfil their obligations. I do know whether he has heard the concerns of the metropolitan fire authorities, for example. The new regime he is advocating today could leave fire authorities in an invidious position in which they are unable to offer the general public the proper protection that they have been able to offer hitherto.

Robert Neill: With respect to the hon. Gentleman, that is highly unlikely. In fact, I cannot conceive of such a situation—for this reason, which he really ought to know if he has studied the topic. Fire authorities are in the business rates retention scheme because about one third of them are county council authorities. If they were outside the business rate retention scheme, we would have the perverse situation in which one third of all fire authorities—county council fire authorities, in effect—were nevertheless funded within business rates retention, while the remaining ones, including the metropolitan and other combined or stand-alone fire authorities, were funded by a wholly separate means. It is therefore logical to include them all within the same scheme.

Andrew Gwynne: Will the Minister give way?

Robert Neill: Let me develop the point, because it may deal with the hon. Gentleman's question.

Given that authorities are, therefore, all within the scheme, they all benefit from the baseline calculation, which already takes as their starting point their current allocation, which in turn already takes account of need and risk in the fire system. Precepting authorities, including all the metropolitan authorities, will be top-up authorities, because almost all precepting authorities—as they currently are—will come under the new scheme. They will therefore benefit from the top-up being uprated by retail prices index inflation in order to protect them throughout the period. So I hope that that has dealt with the point.

Andrew Gwynne: Greater Manchester is one of the metropolitan fire authorities, and I understand that there will be a baseline throughout Greater Manchester for fire and rescue, but, on the retention of business rates, what happens in districts that have had substantial business rate growth as opposed to districts that have had low growth or no growth? Will there be a disparity in precepted funding, or will the precept remain the same throughout the old metropolitan county?

Robert Neill: Greater Manchester is protected, because the top-up does not change between the reset periods, save that it is uprated by RPI. So Greater Manchester, as a top-up authority, will be protected from instability. That will be the way with any top-up authority, so Greater Manchester's situation will not be affected by what happens in its districts, because it is a top-up authority and it has the protection of the RPI uplift until the next reset. That is the answer to that point.

I hope that for those reasons the hon. Member for Derby North will reflect on the fact that his amendment is not the appropriate means of addressing the problem. IRMP does not compare like with like at all, and if we funded to IRMP we might reach the perverse situation in which the locally consulted delivery document drove the funding centrally. That has never been the case; it never was under the hon. Gentleman's party in government; and it would be illogical. I hope that on reflection he will not press his amendment.

Graham Jones (Hyndburn) (Lab): Will the Minister give way?

Robert Neill: The hon. Gentleman has not intervened in the debate before, so with respect I will press on to the next point. He has only just come into the Chamber, so I will give way to those hon. Members who have been present and listening to the debate throughout.

On new clause 2, I understand the issue that the hon. Member for Derby North raises, but I hope that he will not press it to a vote, either. I take on board the concerns that he and others have raised about the impact that might occur when there is a major redevelopment and, for a period, a consequential loss of business rates income. None of us would wish to create a perverse disincentive to such major redevelopment. It is fair to say that, if it were to cause a significant loss of income, it would qualify for the safety net, which would be capable of picking things up. I have already said that we will consult on the calculation of the safety net.

I am concerned about the new clause, because it would give 100% indemnity up-front for an early years' loss of income, so the risk is that it could indemnify delay and inefficiency in such important redevelopment schemes. There is a strong incentive for a local authority itself—alongside the other good reasons that most local authorities have—to get on with things quickly, and for it to press its private sector partners in a redevelopment scheme to do so, if it knows that there is no up-front, 100%, no-questions-asked indemnity.

6.45 pm

I accept that when we draw up the regulations we should not reach a situation in which genuinely desirable and major redevelopment schemes end up perversely penalising a local authority, so I take that point. As I said on our first day in Committee, however, we have set up an official-level working group—with officials from my Department, representatives of local authority associations, treasurers, the valuation industry and so on—that is due to start meeting this month, so it will meet during the passage of the Bill, and I have specifically asked the group to look at the issues that such major redevelopments raise. In the light of that, and given that we are prepared to reflect on the group's work and report to us and, if need be, to return to a means of dealing with the issue that the hon. Member for Derby North and I have identified, I hope that in due course he will feel able not to press the new clause to a vote.

Chris Williamson: In view of the shortage of time, and with the leave of the Committee, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Helen Jones: I beg to move amendment 33, page 25, line 34, at end insert

'Any such distribution must be made on the basis of the level of need in any local authority receiving a payment as defined in Schedule 1.'.

The Temporary Chair (Mr John Robertson): With this it will be convenient to discuss the following:

Amendment 34, page 25, line 38, after 'distribution")', insert

'including the level of need in any local authority as defined in Schedule 1'.

Amendment 35, page 26, line 19, leave out from 'made' to end of line 22 and insert

'within the following financial year'.

Helen Jones: It is a pleasure to serve under your chairmanship, Mr Robertson.

With these amendments, we return to our discussion about ensuring that any local government finance scheme takes account of the varying level of need in our communities, a problem that the Government seem determined to ignore. Interestingly, the Bill does not lay down the basis on which the Secretary of State must distribute the whole or a part of the remaining balance on a levy account at the end of the year, if he decides to do so. That is the problem with the Bill: too much of it is left opaque; too much is unspecified. Even Ministers have difficulty explaining it properly.

I cannot remember whether it was the Secretary of State or the Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill), but on Second Reading a Minister was reduced to reading out the explanatory

[Helen Jones]

notes when asked to explain the Bill in plain English, but we do know that embedded in the Bill is a blind refusal to address need. It is there in the use of the current financial settlement as the baseline, which, as the Yorkshire and Humberside councils said, means that baselines may not reflect the actual funding that councils need to deliver services to their local communities from April 2013. It is there also in the Government's refusal to put anything in the Bill about need being taken into account when determining central and local shares; and it is there in the Government voting against our amendments to ensure that need was debated alongside local government finance reports.

It is all very well for the Prime Minister to talk about caring capitalism, but as we debate this Bill we do not see much care for the needs of the elderly, for children, for the working poor or for any of those who rely on local government services. Tory Members ignore it; Liberal Democrat Members weep crocodile tears and then troop into the Lobby after their Tory masters, anyway.

We see the same mindset operating when we consider the distribution of the levy balance. It is open to the Secretary of State not to distribute it at all, and we accept that there may be times when the levy needs to build up from year to year in order to fund safety net payments. If he does decide to distribute it, and it is nice to see the Secretary of State in his place, we will be back to the "all-power-to-Pickles" scenario. There is nothing in the Bill to stop him doing as he likes. What will his decision be based on—on whether he once had a nice day out somewhere, or the fact that an open space was named "Pickles park" in his honour? I cannot see many local authorities represented by Opposition Members getting money on that basis.

In Warrington, we have an Attlee avenue and a Bevin avenue. When the noble Baroness Thatcher was in power, the council even named one of its buildings "Poll Tax house", to remind people of how the payments that they made had been imposed on them. That is a salutary reminder of how the last time they were in government, the Tories got it so wrong on local government finance. I cannot see us having a Pickles avenue, a Neill nook or anything else that might get us money on that basis.

Mr Kevan Jones: My hon. Friend's constituency is rather moderate; I have Marx, Engels and Lenin terraces in my constituency. It is clear what the Secretary of State will do—exactly what he did last year in the local government settlement. He will reward councils in the south-east of England that vote Conservative.

Helen Jones: That is interesting; I suppose that my hon. Friend could think about a change of name to get money for his local authority, although I doubt that that would serve him.

The fundamental problem with the Bill is that too much discretion is given to the Secretary of State and there is no consideration of need. Without the concept of needs-related payment in the Bill, the Government cannot pretend that they want to protect the most vulnerable. Clearly, they do not. The amendment is yet another that tries to address that huge omission.

Wherever we look, we see evidence of the real disparities between different areas. Many examples have been cited in this Committee, but it is always possible to find more. In Knowsley, for example, 58,000 people—more than a third—live in areas that are among the top 5% most deprived in the country. There has been a 47% increase in social services referrals, which the council has had to deal with following the baby P case. In Sunderland, 50,000 people live in areas that are in the top 10% of the most deprived in the country. In such areas, councils face enormous problems in attracting new jobs and meeting service needs—despite their constant efforts to do so, which have often been denigrated by Government Members during this debate.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Does the Bill shed any light on the Government's decision to penalise Liverpool—the most deprived authority in the country—to the greatest extent among all local authorities? Does my hon. Friend see any way of changing that in the context of the amendment that she is discussing?

Helen Jones: My hon. Friend, herself the former leader of a major local authority, makes a fair point. It is what we have been debating throughout the Bill. Everywhere we look in it, we see no consideration of need; the poorest local authorities are being penalised most at every point.

We have said that the Bill does not recognise the barriers to growth that some areas face, such as the lack of appropriate transport infrastructure or of surplus capacity, as my hon. Friend will know from Halton, near her own area of Liverpool, for example. Everyone seems to accept that some growth happens simply because of where it is. Add to that the fact that councils also face a 10% cut in money to fund council tax benefit and we see that there will be real pressure on many local authorities. They will face having to cut benefits for some of the poorest people, having to cut services or having to raise council tax. We all know how difficult it is going to be to raise council tax. The result of the changes is that stronger local economies will find it easier to grow while others find themselves caught in a trap of rising demand and declining resources.

Mr George Howarth: My hon. Friend mentioned Knowsley. Does she accept that the problem is not just current, but stretches out into the future? My information is that from 2017-18, wealthier authorities will begin to see real-terms growth in resources, yet Knowsley will still face year-on-year reductions in resources of more than 5%. After 10 years, it will still have reductions of 3.8%. If what we are discussing is wrong now, it will become progressively more wrong as the years go by.

Helen Jones: My right hon. Friend has hit on the key to the Bill. It is not simply wrong in the beginning; it will increase inequalities—get more and more wrong—as it proceeds.

Inequalities will widen, even if the top-ups and tariffs are uprated by the retail prices index, and the levy will not fully compensate for that. Remember that even if we get a proper definition of what constitutes a disproportionate gain—bearing in mind the earlier debate, that seems unlikely at the moment—councils need to

pay only a proportion of that in levy. The logic of that is that some areas will benefit from disproportionate growth. Others will fall further behind.

Andrew Gwynne: All my hon. Friend's argument supposes that the starting point was fair. Of course, an awful lot of authorities will have had deep and damaging cuts locked into the baseline, which is the real starting point, and would not have the ability to raise additional council tax income even if they were permitted to do so by the Secretary of State. There is a real double-whammy for those areas. That is why we need a fair assessment of need, so that we can get our share of resources through that route.

Helen Jones: My hon. Friend is right, and many hon. Members have made that point in our debates on the Bill. It starts from an unfair baseline and totally ignores the different council tax bases that authorities have.

We believe that any distribution of the remaining balance on the levy account—if the Secretary of State decides to distribute; he does not have to—ought to be done on the basis of need. Without that and the amendments that we have tabled elsewhere, there is a real risk that services will be put at risk by factors entirely beyond a council's control, as the Government transfer financial risks to it, but keep the power with the Secretary of State. That is why throughout the discussion we have been trying to ensure that the concept of distributing resources according to need is built into the Bill.

Graham Jones: Will my hon. Friend give way?

Helen Jones: Of course; we Joneses must stick together.

Graham Jones: My local authority is bracing itself not only for the cut; it will have to put further moneys aside for the risk element. The economy and incomes may not decline, but the authority has to set aside a further amount of money for risk and that exacerbates the problem.

Helen Jones: That is an important point that we have not considered so far. I believe that local authority finance officers, because of the risks and uncertainties inherent in the Bill, will advise their authorities to build up bigger reserves. Authorities have been criticised by the Government for holding too much money in reserve, but the Bill almost incentivises a prudent authority to do that.

Mr Kevan Jones: If an authority did that—it would be prudent financial management—it would be named and shamed, a tool that the Secretary of State uses on many occasions. It would be said that somehow the authority could redistribute that money and keep down council tax.

Helen Jones: That is an important point. Whatever happens, some local authorities cannot win.

John Healey: Clearly, prudent councils will set sums by against risk. The central problem with the system is its unpredictability and volatility. To make provision against risk, one has to be able to quantify it. That is highly uncertain. For instance, how would the treasurer of Brentwood council—the Secretary of State's local council—have been able to anticipate a drop of more than a third in the business rates revenue last year? It was probably due to factors beyond their control, and they would have been unable to hedge against and provide for that sort of risk.

7 pm

Helen Jones: My right hon. Friend is entirely correct. Local authority finance officers will no doubt respond to this by always working on the basis of the worst possible scenario and therefore by building up more reserves than they may need. Government Members claim that they support distribution on the basis of need, which is not a difficult concept. Why, then, are they so opposed to including it in the Bill?

Graham Jones: We have localisation not only of national non-domestic rates but of council tax and housing benefit, so local authority finance officers will have to put aside risk money for all three. It is a triple-whammy, and that is putting councils in a very difficult position.

Helen Jones: Indeed, that is absolutely right. As we have said many times during these debates, the Government are centralising power and devolving blame so that local authorities will have to take all the risks.

Why not include our proposal in the Bill? The only real answer is that Ministers do not want to be constrained in how they use the money. I entirely accept that it might be necessary to carry over the balance if the account is to be sufficient to fund safety net payments, but if the balance is to be distributed, what is wrong with being clear about the factors that should be taken into account? If the Government reject the amendment, it will be clear that they want simply to collect the money and allow the Secretary of State to distribute it in any way he likes. There will be no fairness in the system and no real account taken of the needs of the poorest people in the poorest communities.

Amendment 35 also deals with how any remaining balance in the levy account is distributed. As the Bill stands, the Secretary of State may decide to distribute the remaining balance to one or more local authorities. In amendments 33 and 34, we set out exactly what factors he should take into account. Strangely, however, even if he does decide to make a payment, he does not have to hand it over. The Bill gives him the authority to pay whenever he likes and to pay in instalments if he wishes; I do not suppose that they would come with interest. What on earth is that provision for? We would not expect anyone else to be treated in this way. If I bought some furniture from someone and said to them, "I'm going to pay you, but I'll do it when I like, in as many instalments as I like", I would find myself rapidly being sued for the money and would not have a defence. This is another "Trust me—you know it makes sense" clause, whereby the Secretary of State can say , "I'll distribute the money any way I like." He seems to believe that he can treat local authorities in that way by deciding to pay out the remaining balance on whatever basis—we do not know—and as and when he thinks fit.

Andrew Gwynne: That goes back to the nub of the problem from an earlier debate—the lack of certainty that is given to council treasurers in enabling them to plan ahead in their council budgets.

Helen Jones: My hon. Friend is entirely right. Time and again we find in the Bill a lack of clarity and lack of certainty for local authorities.

How on earth can this be the right way to deal with local services? Local authorities need to be able to plan and to have a degree of certainty in their finances, yet here we have a recipe for uncertainty. Our simple amendment would require the Secretary of State, if he decided to make a payment, to hand over the money within the following financial year. Such a provision would give ample time for him to do the calculations, or at least get someone else to do them, to determine the amount to be paid and to hand it over. Local authorities would then be certain about what they were receiving and when, and, importantly, they would be given more certainty about how the scheme would operate.

I will be interested to hear the Minister's arguments against the amendments. Does he believe that if local authorities know they are going to get a payment and when, they will blow it all on riotous living—that they will decorate their town halls with bunting and order large shipments of chocolate cake—or does he believe, as we do, that they will use it to improve services? His arguments can mean only two things: that he expects local authorities to behave irresponsibly, which is like saying to children, "You can't have your pocket money all at once because you might spend it all on sweets", or—I think this is the real reason—that the Treasury wants to hang on to the money.

Local councillors deserve better than that. They are our partners in delivering services. They should be given as much certainty as possible and trusted to act responsibly. The amendments would achieve that, and I commend them to the Committee. It might be helpful, Mr Robertson, to let you know that we will seek to divide the Committee on amendment 33.

Mr Kevan Jones: It is a pleasure to serve under your chairmanship again, Mr Robertson.

My hon. Friend the Member for Warrington North (Helen Jones) used a good analogy when she said that this measure is intended to centralise power but decentralise blame. Local councils will be given options over, for example, a 10% cut in council tax benefit. They will face some difficult decisions about how that is to be distributed. When the Minister wrote to Newcastle's *The Journal* last year, he did not even mention that in his supportive letter on the letters page. We need to be clear to local people that this is not about decentralisation but about putting power back into the hands of the Secretary of State and, ultimately, those of the Treasury.

We had an interesting discussion on the previous group of amendments about whether there would be any money left to distribute at the end of the year. The hon. Member for Bradford East (Mr Ward) asked the Minister what would then happen, but he did not answer. I suspect that this mechanism is being used so that the Government can use local government-raised finance to offset central Government expenditure. It might be given back to local authorities, but only as a substitute for other types of grant. It is all about centralisation.

In the settlement of the accounts in the first few months of the coalition Government, the Secretary of State was the first Minister to run to the Treasury saying, "I've got my plans and I'll give up my savings to meet the Chancellor's targets." If he again finds himself with a large pot of money left at the centre, no doubt he will offer it up to get himself some credence in the Treasury and in the eyes of the Prime Minister as the Secretary of State who is doing best in financially managing his Department, even though the pain of that is being borne on the shoulders of local businesses and local people.

Graham Jones: My hon. Friend makes a good point about offsetting Government expenditure and local expenditure through raising the levy and taking local taxes. Could Jobcentre Plus be an example of where the Government might look to spend local money on what is now essentially a national service given the changes in the delivery of housing benefit?

Mr Kevan Jones: I think that this Secretary of State will be very creative. He will no doubt put out a press release saying that he is giving money to local councils and various initiatives, without telling them that it is their own money. The difference is that he will now have control over how the money is spent, rather than the local councils.

My hon. Friend the Member for Warrington North asked on what basis money will be redistributed. The Government's track record shows that they do not recognise need as an element in the redistribution of capital. We need only look at last year's local government settlement to see that.

As my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) said, the baseline will be set for the next 10 years, so councils will not only lose out in the first year but will continue to lose out over the next 10 years. County Durham's revenue spending power for 2011-12 is £498.2 million, which is a reduction of £35.9 million or 6.73% of its budget. It will see a further reduction of £10.94 million in its spending over 2011-12 and 2012-13, which is a further loss of 4.5%. That will be used as the baseline. This will continue, as my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) said, for ever more.

Which councils did the Government reward in the settlement? They rewarded southern councils with far lower demands on local government services than councils such as Durham county council. I do not think that that was done by accident.

Andrew Gwynne: My hon. Friend is making an interesting point. I commend to him a study that produced a heat map showing the areas that face the largest cuts in local government funding. If that is superimposed on to a map showing the most deprived areas and the areas of greatest need according to socio-economic data, the two maps marry up quite well.

Mr Jones: My hon. Friend makes a good point. One of the very deprived local authorities that the Government were determined to help last year was Wokingham in Berkshire, which saw its budget increase by 0.2%, meaning that every person there has had an additional 30p spent on them.

We must take need into account. There are services that County Durham and northern cities need. For example, County Durham has a growing population of

elderly people, who are high users of services. Added to that, we have the Government's reduction of the public sector and deficit reduction strategy, which are affecting the economic viability of regions such as the north-east of England. More individuals will therefore use local councils' services. More people will certainly become eligible for council tax benefit as unemployment rises. Need has to be an important element in redistributing this money.

We are leaving it up to the Secretary of State to decide how the money will be distributed. In the last debate, the Minister failed to define "significant". He used the word on several occasions and was pressed by Members on both sides of the Committee to define what it meant, but he could not come up with an answer. We are again being asked in the Bill to trust the Secretary of State. It will not come as a great surprise to hon. Members that I do not trust the Secretary of State. He is a very political individual who is clear in his philosophy: he will help people who support the Conservative party at the expense of northern councils. He does not care whether those councils thrive or not.

Although need is not part of the assessment, let us look at some of the figures. In County Durham, 31% of people live in the 20% most deprived areas of the UK, and 22,805 children, or 21.8% of children, live in households that are defined as living in poverty. In Wokingham, it is just 7% of children. Between January 2011 and January 2012, unemployment in the north-east rose by 19%. It now stands at nearly 12% across the region. As I said earlier, as unemployment rises, the demand on local government services increases, just when the ability for councils such as Durham county council to raise finance is being constricted.

7.15 pm

We are having to second-guess what the Secretary of State will do. It would be helpful to have the regulations and to know exactly how he will distribute the money. It will be interesting to hear in his response whether the Minister puts any flesh on the bones and says how the money will be distributed.

I can imagine that there will be fights between different councils. If the Secretary of State says that deprived Wokingham should get a bigger slice of the pie than Knowsley or my constituency, without explaining or justifying it, I can imagine there being legal challenges. I would not put it past this Secretary of State blatantly to reward the councils that support the Government, just as he has already.

It was said on Second Reading and in Committee last week that the impression is being given that all councils up and down the country start from the same point on the journey in terms of need. No, they do not. There are big differences between councils up and down this country in their ability to raise domestic rates of council tax. In the north-east, about 50% of properties are in band A. Even the freedom that councils will have to raise additional revenue if they need to will be restricted.

In the last week, the Secretary of State has condemned councils for ignoring his generous offer of allowing them to freeze council tax. Again, that is a highly political move. He is very clever in one respect. He says that councils can take the gold for the next two or three years, but there is no guarantee that they will get it in the year before the next general election. No doubt, he will then force councils to stick up council tax or make further reductions in services. Things have been delegated to local councils, but the poisoned pill of a cut comes with them.

Looking at the whole Bill, it is clear that the strategy of the Secretary of State is to blame local councils for the decisions, while he stands back and says that it is not his fault. These are highly political moves. If he is guaranteeing that need will be taken into consideration, it would be better to put it in the Bill than to just give us an assurance and say, "Trust us."

Given the suggestion of my hon. Friend the Member for Warrington North, I might have to suggest to Durham county council that it renames Marx terrace, Engels terrace and Lenin terrace in Stanley in my constituency. Perhaps one could be called Pickles terrace.

Mr Tom Clarke (Coatbridge, Chryston and Bellshill) (Lab): Stunell avenue.

Mr Kevan Jones: Yes, that has quite a ring to it. The council might have to do that to keep in with the Secretary of State.

Graham Jones: Pickles dyke.

Mr Jones: Yes, or Pickles dyke.

Mr George Howarth: My hon. Friend is developing an interesting argument.

The Temporary Chair (John Robertson): Order. But one that has absolutely nothing to do with the Bill.

Mr Howarth: I wonder whether my hon. Friend is aware of the fact that there was a residents group in Liverpool that had a battle with the city council over the right to name the local streets. They lived in an area called Weller streets. They won the battle, and in homage to the city engineer who had said that they could not rename the streets, they named one Weller way.

Mr Jones: I obviously do not want to draw your wrath, Mr Robertson, for going off the subject, but time and time again the Secretary of State talks about devolution and giving local government powers, and then he produces this centralising Bill and gives councils diktats week after week about what they should and should not be doing—whether they should have pot plants, or whether they should have weekly bin collections. The public will start to see through it. He cannot have it both ways. He cannot have a Bill that will centralise power and centralise the finance that local councils raise and at the same time tell councils what they can and cannot do, but that is his method. If the Government do not accept the amendment and accept need as the basis for payments, people will come to the conclusion that many of us have already come to—that they do not actually care about need.

Robert Neill: I will endeavour to confine myself to matters that are germane to the amendments, so I will be fairly brief despite the temptation to inquire what happened to Trotsky and Bakunin drives. I imagine they were probably airbrushed off the map in Durham at some point.

[Robert Neill]

I am not sure whether hon. Members have quite followed how paragraph 28, relating to the distribution of any remaining balance in the levy account, will actually work. As I hope they will be aware, provision is made in the Bill for some or all of the remaining balance in the levy account to be returned to local authorities. It provides flexibility over the amount to be distributed and the basis of distribution, and we believe that it is wise and sensible to keep it that way. It will enable the distribution of the remaining balance to be carried out as is appropriate at a particular time. For example, it might be appropriate to distribute it to authorities on the basis of need, or if we assess that there is no such need, we might wish to return it to some of the levy authorities to make up for the taking of levy moneys that were not needed for disbursement. It would be wrong to preclude that possibility, which is provided for in the Bill.

Mr George Howarth: Actually, paragraph 28 states:

"The Secretary of State may determine that an amount equal to the whole or part of the remaining balance on the levy"

be distributed. I am sure it was inadvertent, but the Minister misled the Committee slightly a few moments ago.

Robert Neill: No, with respect, because first, there is flexibility to distribute all or part of the balance on that basis. Secondly, that flexibility is not unchecked, because the procedures in sub-paragraphs (2) and (3) require the Secretary of State to include both the amount to be distributed and the basis on which it is to happen in a local government finance report, which will be subject to the scrutiny of the House. Such a report is laid before the House and can be debated.

Finally, paragraph 18 tightly defines the debits that may be made from the levy account. The effect of that paragraph, taken together with the rest of the schedule, is that any money in the levy account can be used only to make safety net payments or to be returned to local authorities as part of the distribution of the remaining balance for the year. The idea that the Treasury can somehow snaffle it and keep it back from local government is simply not correct.

Mr Kevan Jones: But the Bill does not state the criterion by which the remaining balance will be distributed. The Secretary of State could therefore quite easily decide that he wished to distribute it in such a way as to save the Treasury money by substituting it for central Government spending. The Minister cannot get away from the fact that the Secretary of State will decide how the money is spent. It will be his decision alone.

Robert Neill: The distribution will be subject to scrutiny by the House in a local government finance report. It is correct that it will not be defined in primary legislation, just as the basis of the distribution of formula grant is not. That is decided by the Secretary of State, so in fact we are being utterly consistent with the system that was operated under the previous Government. We are being consistent, and the hon. Gentleman is being wholly inconsistent, not for the first time.

Mr George Howarth: I have already mentioned paragraph 28. Sub-paragraph (1) refers to paragraph 19(2), which states that the remaining balance must be

"debited (as an item of account) to the levy account kept for the year"

or

"credited (as an item of account) to the levy account kept for the next year."

The flexibility still lies with the Secretary of State, who can decide whether it is utilised in the current year or the subsequent one.

Robert Neill: That just enables the sum to be carried over. The point is that it would remain in the same account. It could not be used for any other purpose. It could be carried forward for a year as part of a buffer, but as I have indicated, it could go out of the levy account only by way of a safety net payment or as a distribution of the remaining balance to local authorities. Either way, it would go back to local government. That is the key point that I am not sure has been grasped. I therefore hope that Members will not press amendment 33 to a Division.

Amendment 35 would require any payment in respect of the remaining balance to take place in the following year. There are some technical reasons why I do not believe it would work, including the need for any payment from central Government to local authorities to include the standard provisions about Treasury consent. I know that Opposition Members will remember that. It is a technical thing, but it has to be done.

I assure Members that in practice we would not want to hold back any distribution of the remaining balance once it had been agreed in the local government finance report. However, payment as described in the amendment might be difficult to achieve because of the timing of that report.

Helen Jones: If the Government do not intend to hold back payment, why have they included in the Bill provisions for the payment to be made at such times and in such instalments as the Secretary of State determines? Surely holding on to the money once they have determined to pay it out makes it a gain to the Treasury, however we look at it.

Robert Neill: It is equally useful to have those provisions to deal with in-year payments, and I have already indicated to the hon. Lady that we do not intend to hold back the money and make gains to the Treasury. One way or the other, the money will all ultimately go back to local government.

There are technical issues to consider about the timing of the report and Treasury consent, so I say to the hon. Lady that I am willing to consider whether anything more can be done to provide greater clarity on Report. I assure her that we do not intend to hang on to the money, but if there is a way in which we can make the provision work better technically, we can return to the matter on Report if she does not press the amendment now.

Question put, That the amendment be made.

The Committee divided: Ayes 220, Noes 290.

Division No. 437] **[7.29 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blomfield, Paul
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Fovargue, Yvonne
Francis, Dr Hywel
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Love, Mr Andrew
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mark Hendrick and Tom Blenkinsop

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Bray, Angie
Brazier, Mr Julian
Brine, Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burt, Alistair
Burt, Lorely
Byles, Dan
Campbell, Mr Gregory

Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Jackson, Mr Stewart
James, Margot
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lancaster, Mark
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Lewis, Brandon
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Miller, Maria
Mills, Nigel
Milton, Anne
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simpson, David
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Syms, Mr Robert
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Ward, Mr David
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Stephen Crabb and Norman Lamb

Question accordingly negatived.
Schedule 1, as amended, agreed to.
Clause 2 ordered to stand part of the Bill.

Schedule 2

Amendment of provisions about revenue support grant

7.45 pm

Helen Jones: I beg to move amendment 65, page 36, line 42, at end insert—

'(2A) In determining whether or not to pay a grant to any authority named above the Secretary of State must satisfy him or herself—

(a) that the resources available to any local authority (including payments made under Schedule 1 of this Act) are sufficient to meet the needs of the local authority, and

(b) that there has been no significant change in the circumstances of the local authority resulting in a substantial increase in demand for the authority's services or for reductions in council tax.'.

The schedule removes the Secretary of State's duty to pay a revenue support grant and replaces it with a power to do so. Like many measures in the Bill, how that power will be exercised remains opaque.

From the consultation, it seems that the Government propose to use discretionary grant more like a section 31 grant to meet new burdens on local authorities, but the point is that the power in the Bill does not say that. The power is given to the Secretary of State to decide whether or not to pay a grant and there is a real possibility of the gap between the resources available to a local authority and its need growing even further.

I have already quoted the concerns of Yorkshire and Humberside councils about how the baseline was set and the possible gap that will emerge by 2013-14 between the needs of a community and the resources available to it. Their view was expressed reasonably, but many local authorities' justified fears of increasing gaps are much stronger.

The special interest group of municipal authorities, or SIGOMA, modelled outcomes based on business rates growing at about 4%, which is 1.5% above inflation; council tax growing at 2.5%; and inflation growing at 2.5% over the same period. On that basis, many councils will suffer a real decline in overall income in the first two years of the scheme, first because the increase in business rates will be taken by the Government, and secondly because all local authorities will suffer an absolute decline in 2014-15 as the funding available to local government is reduced overall in line with the Government's spending review.

In fact, the autumn statement was clear that the Government are not on target to meet their deficit reduction programme until 2016-17, which is much later than first thought. Local authorities will find themselves penalised, because the Bill is clear that the system can operate only within the overall spending envelope set by that programme.

This change—from a system in which grant is paid to one in which there is a dependence on business rate generation—brings with it real concerns. Levy and safety net payments could mitigate some of the impact, but as we discussed earlier, we still do not know properly how the Government will operate them. We have seen no drafts, yet everything is left to the regulations.

As time goes on, the problems with the system will likely become apparent. The Government have failed to consider the different tax base of local authorities, especially because the council tax base does not feature in the Bill. The Government have nothing to say about their role in helping weaker local economies to grow and have shown repeatedly in the debate that they do not wish to take any account of need, yet it is precisely those weaker local economies that are most likely to face the greatest strains on their resources in the coming years.

We have mentioned several times the problem of child poverty. There is a real problem for councils with weaker local economies that need to deal with levels of child poverty in their areas that are well above average. Child poverty is 29% in Hartlepool, for example, and 27% in Liverpool. Those authorities have much greater problems meeting the needs of their populations than those with fewer problems, such as Surrey. But the charities working in this sector tell us that child poverty is likely to increase, rather than decrease, as a result of the measures that the Government are taking. Their cuts to housing benefit, their Welfare Reform Bill, and the cuts in council tax benefit that they are seeking to introduce in that Bill will all increase child poverty.

One example that may have slipped through the net is the increase in the hours needed to work to qualify for working tax credit. That measure alone will affect 200,000 families and is likely to put 400,000 more children into poverty. What will that mean for local councils? It will mean more demands on their statutory social services; more people moving out of private rented accommodation and requiring emergency accommodation, at huge expense to council tax payers; more people unable to pay their council tax; more demand for council services; and less ability to meet the demand.

Graham Jones: Will my hon. Friend add to that list that, with a reducing income to pay for those needs, those authorities will have less opportunity to invest in business infrastructure to attract businesses—the inverse of what will be happening in the net beneficiary authorities?

Helen Jones: My hon. Friend is right. Instead of a virtuous circle, authorities could end up in a vicious circle that spirals further and further downwards.

If we look at unemployment figures, we see the same problem facing particular local authorities. Unemployment is up 6.9% in Yorkshire, Humber and the north-west. In Denton and Reddish—my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) is not in his place at the moment—it is up 14.5%. In Derby South it is up 16.7% and in parts of Newcastle it is up by 14.6%. All of those are authorities that have already experienced huge cuts in their spending power under this Government and are likely to see further cuts in their resources as the scheme proceeds.

It is estimated that by 2016 the disparity between the richer and poorer areas will become apparent. After 10 years, which is when the Government propose to reset the scheme, the gap between the affluent areas and the poorer ones will be wider still. The Government have said that no council will lose out at the start of the scheme. What will happen in year three, year five and year 10? No one knows, but in the meantime the Government expect local councils to pick up the consequences of their failed policies, policies that are designed to hit the poorest people in the poorest communities. That is why we have tabled the amendment, which would provide that the Government, when deciding whether to pay a grant, must ensure that the resources available to a local authority are sufficient to meet its needs and that there has been no significant change in circumstances that has led to a significant increase in demand for services or reductions in the amount of council tax collected.

The second part of the amendment is designed to tackle the kind of problem that occurs, for example, when a major employer closes down—we discussed that earlier. What happens then is that unemployment leads

[Helen Jones]

to more demand for services from councils and a loss in revenue, because more people qualify for council tax benefit at the same time as the council has lost business rate income. How is a local council to cope with that under the system the Government propose? The council will lose rate revenue and council tax, and even if it is successful in attracting new businesses, they will not come in immediately. If, as is often the case, those new businesses are small and medium-sized, they will not generate the same level of business rate. Safety net payments will not kick in until the following year and we do not know whether they will be sufficient to replace the loss of income. We do not know, because the Government will not tell us the basis for their calculation.

The Secretary of State should use his power to pay a grant where there is a real gap between needs and resources. If not, we will see—we have made the point throughout discussion of the Bill—the gap between rich and poor increase. The motto of this Bill seems to be to them that hath shall be given, but that is not the way to run services, especially statutory services, in a civilised society.

Graham Jones: Does my hon. Friend agree that it is grotesquely unfair that constituents in those poorer areas are paying for goods and services, the profits from which furnish plush offices and pay high executive wages in the likes of Westminster and the City of London? The poor are effectively paying the rich, because there are no head offices in deprived local authorities. Westminster and City of London will be able to keep those resources and that is grotesquely unfair.

Helen Jones: My hon. Friend raises a point that I had not considered before, but he is right about that effect. Part of the problem in this country is that headquarters of major companies are often concentrated around London and the south-east, unlike many other economies, in which it is common for major companies to have their headquarters in the regions. There is huge unfairness built into the system that the Government propose.

Mr Andrew Turner (Isle of Wight) (Con): How many headquarters are there on the Isle of Wight, which is in the south-east?

Helen Jones: I did not say that they were in every constituency: I said that they are concentrated in London and the south-east, which is a plain fact.

In any case, we do not believe that this is the way to proceed. If the Government do not take steps to tackle the gap—and those steps are not set out in the Bill—services in many councils will decline, while others are able to reduce, even abolish their council tax as time goes on. We will therefore seek to divide the Committee on the amendment later, and I commend it to my hon. Friends.

Mr George Howarth: I rise to support my hon. Friend the Member for Warrington North (Helen Jones) on amendment 65, which encapsulates an important principle. The 2012-13 settlement, which will be used as the baseline for the new finance system that is to be introduced, has a number of problems that will affect areas such as Knowsley disproportionately—we have already heard examples from other areas.

It is important for Knowsley in particular—and I hope the Minister will comment on this when he replies to the debate—that the system is based on the damped allocations, including the grant floor, as that will lock £6 million in for Knowsley, which is a very important sum of money. The baseline also needs to consider the scale of cuts faced by some local authorities in the recent multi-year settlement which, as my hon. Friend has said, targeted some of the most deprived areas in Britain, including Knowsley. It is worth reminding the Committee that Knowsley's cut in revenue spending power per head of population in 2011-12 was £156.09 compared with the average in England as a whole of £49.18.

If the Secretary of State were here for this debate, he would be sitting there smiling and might even be tempted to say, "The point we're trying to make with this Bill is that local authorities such as Knowsley should go out and promote their businesses, get more inward investment and shore up the business rate, the benefits of which would offset some of these problems." However, the difficulty is, first, that that does not address the fact that we cannot switch around economic activity in a given area in a short space of time. We can do it over time, and Knowsley has been quite successful in retaining major industries. Earlier I quoted the example of Jaguar Land Rover, which has remained in Knowsley; indeed, it has grown, with new products and a major recruitment programme last year. New businesses can also be attracted, which is what we did with QVC, a massive business, employing about 1,500 people in Knowsley, and a major contributor to the business rates of the borough. However, doing that takes time, and such changes cannot be made in a short space of time.

8 pm

Added to that, the current difficulties that this country faces—I do not propose to get into a debate about their cause, although I am happy to do so if anyone wants me to—means that areas such as mine face more distress than would otherwise be the case. In turn, that will affect the needs of the area, which is why it is important that a provision such as that contained in amendment 65 should be inserted into the Bill. I want to give the Committee some information about the impact that not making such an amendment will have on areas such as Knowsley. Knowsley would support the commitment to uprating the tariffs and top-up by inflation under the proposed scheme—we talked about that earlier, but it is important that that should be included in the scheme when the Bill is enacted. At the moment, we are not entirely clear how all that will work or how it will affect some areas as compared with others.

However, what we do know, on the basis of the information that is available, is that under the Government's proposals, local authorities such as Knowsley will be left behind by the wealthier authorities. Those authorities can easily recover from current reductions in resources—which is what took place in the comprehensive spending review—because they already have larger tax bases but we cannot will such a recovery instantly into existence in areas such as Knowsley. Areas with large tax bases find it easier to recover what has already been taken. Also, as I said earlier—although it bears repeating—the process will carry on. It is not as if it will last only one, two or three years. In the case of Knowsley, we will still

face year-on-year reductions in resources of more than 5%. Indeed, after 10 years of the proposed system, we would still be facing annual reductions of 3.8%. This is therefore a serious matter for areas such as Knowsley.

I do not know whether the Minister has seen the excellent briefing that SIGOMA—the special interest group of municipal authorities—provided for MPs last week, but if he has not, I would very much commend it to him. That briefing shows the top-up and tariff updated by RPI on the current, known operation of the Bill. I accept that there is still some room for elaboration and illumination, but the briefing tells its own story. The authorities with the lowest funding growth are Liverpool with 21.9%, Knowsley with 21.9%, Bury with 21.1%, Wirral with 21%, and South Tyneside with 22.7%. Those statistics alone are fairly meaningless, unless they can be compared with those for other areas—this comes back to the wealthiest/poorest area argument. Guess which authorities, and where they are, will have the highest funding growth: the City of London with growth at a staggering 139.6%, Westminster with 90.7% growth, Hillingdon with 40.6%, Camden with 37.5%, and Kensington and Chelsea with 34.5%.

Therefore, when my hon. Friend the Member for Warrington North makes the point, which she made very effectively, that the most deprived areas are the most disproportionately affected, that is not windy rhetoric on her part—she is never one for windy rhetoric, and I would never dare make such a suggestion. Rather, it is based on fact. The available information, which has been provided by a range of organisations, including SIGOMA, shows that she is entirely correct in that assumption. The reason it is necessary to set out that background is that the amendment would require that needs, as they change over time, should be taken into account.

I will not rehearse all the difficulties that we face in Knowsley, because we have struggled with the problem, both under the previous Government and through the local authority, for many years. However, most of those problems and most of the needs that we want addressed through the local government finance system arose in the 1980s, when the industrial areas of Kirkby and the parts of Huyton that were based on industry collapsed. They collapsed because the economy was in a deep recession. There was high unemployment, reaching as high as 50% or 60% in some parts of Knowsley—staggering figures that it was almost impossible to deal with. The industrial base shrunk dramatically as a result of closures. For example, the Birds Eye factory closed in the late 1980s with the loss of 1,300 jobs, and we also lost major brand-name companies such as Hygena. That happened not because of anything that the work force did wrong or because those companies were burdened by red tape or excessively high business rates, but because of the economy and the recession at the time—I mentioned just those two closures, but I could quote a long list.

The consequence was that the needs of boroughs such as Knowsley grew enormously over that period. Indeed, the out-workings of those problems still exist today, in the form of a low skills base, welfare dependency, the poor health that is associated with long-term unemployment and benefit dependency, and so on—the list could go on and on. Indeed, my hon. Friend the Member for Liverpool, Walton (Steve Rotheram) is now in his place, and there are parts of his constituency where the same problems exist. In fact, they exist on an even greater scale in some areas, as parts of his constituency were also former industrial areas. However, the argument that I am making, which is not unfair or unreasonable, is simply this. We cannot turn the clock back in areas such as Knowsley and expect business or those industries to be recreated at the same rate at which they retracted in the 1980s and early 1990s. It is a long-term project.

In the meantime, without that economic expansion, which is incremental, slow and difficult to manage, we still have those needs, which will be unmet unless the local government finance system works in such a way that there is redistribution from wealthier areas to those in the greatest need. We are confronted with the very reverse of that, however. The areas that will be the most disproportionately and adversely affected are those with the greatest needs, and those that will be the most rewarded and that can most easily cope with the changes are those with the fewest needs.

Steve Rotheram (Liverpool, Walton) (Lab): My right hon. Friend is making a powerful point about the needs of specific areas, and he is correct in saying that Liverpool, Walton now has, unfortunately, the fifth highest level of unemployment in the country. Liverpool as a whole therefore needs more support. How does he think the Government can justify the fact that, proportionally, places such as Liverpool have been hit the hardest and that Liverpool has had to take a cut of £141 million in the past two years?

Mr Howarth: I shall give my hon. Friend two possible answers to his question, and I shall leave him to decide which is correct. The first possibility is that the Secretary of State and the Ministers responsible for this Bill genuinely believe that areas such as mine and that of my hon. Friend have the capacity create to economic growth—a bit like turning on a tap—and to widen the tax base and increase the revenue that they get through the business rates. They might also think that we are not doing enough to attract new investment into our areas. My hon. Friend and I know that that is not the case, however.

The alternative answer was put forward in very explicit terms by my hon. Friend the Member for North Durham (Mr Jones) earlier. It is that these measures are a crude way of rewarding those areas that send Conservative and Liberal Democrat MPs to this House and penalising those that do not. To put it even more crudely than my hon. Friend the Member for North Durham did—although I am not entirely sure that that is possible—I think that the Government are rewarding their friends and penalising their enemies.

I am not standing here as the representative of the Knowsley constituency to cry crocodile tears or to wave around the levels of deprivation that exist there. Those are facts. This is not a question of sentiment or of special pleading. The reality is that, as a result of historical events, some of which took place at least 20 years ago, we have problems and, as a result, we have needs. Unless the Bill can satisfy me and the people of Knowsley that those needs will be taken into account when the grant formula is determined, the more bleak interpretation that my hon. Friend the Member for Liverpool, Walton drew out of me a moment ago will be the inescapable conclusion.

[Mr George Howarth]

I hope that the Government will accept the amendment, either here or in the House of Lords, later in the proceedings. They must not fall back on the argument that we heard earlier, when they said, "Don't worry, we'll take all this into account in the regulations. It will all become clear then." The risks involved are so great for my constituents and for the local authority in Knowsley that it is impossible for me to accept those assurances. I do not believe that they have been given dishonestly. I accept that they have been given in good faith, but I have been around long enough to know that promises made in the heat of the moment in Committee in response to concerns about specific provisions have a habit of getting lost in the ether later. We need clarity, but we need it now. Local authorities are expected to plan on a long-term basis to meet their needs and determine their expenditure on services. Without that clarity, we will find ourselves in a position, some years down the line, in which the worst possible interpretation that we can put on the Bill will be the nightmare reality.

8.15 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): The descriptions I have heard of myself today have varied enormously. The hon. Member for Birmingham, Erdington (Jack Dromey) described me this morning as a Leninist, and earlier in these debates the hon. Member for North Durham (Mr Jones) sought to name a street after me and suggested that I might be pickled. I want to respond to this debate using neither the extreme ideology of the left nor the extreme ideology of the right. I want simply to say that we have brought to the Committee a set of proposals to give local authorities control over their resources for the first time in 30 years, including not only their council tax but their business rates.

I can understand, and will respond to, the concerns that have been expressed about the precise details of the proposals. However, hon. Members will not be able to interpret correctly what we are doing if they make assumptions about an ideological direction, other than the ideology of localism, which involves getting decisions and money out of Westminster and Whitehall and returning them to town halls and local communities.

I cannot accept amendment 65, because it would place a requirement on the Secretary of State to undertake an unnecessary assessment of need, which could risk undermining our objectives to create long-term certainty for a strong growth incentive and to reduce local authorities' dependence on central Government grants. Need is already incorporated as an important part of the system, and the different circumstances of authorities will be taken into account as the scheme is set up.

Graham Jones: Has the Minister made any assessment of the risk management carried out by local authorities, and of how much money they will have to put aside as a contingency to deal with any liabilities or deficits that they might incur as a result of the Bill? That could involve housing benefit, council tax and non-domestic rates. Has he assessed how much money councils will need to bank as a contingency measure?

Andrew Stunell: The hon. Gentleman's point was raised in an earlier debate on the way in which local authorities will assess the risks that are inherent in any new proposals, and in these ones in particular. In my time, I have served on three different local authorities and with about eight different chief finance officers, and their approach to these matters was that although they might get a bonus if there was money in the bank at the end of the year, they would be likely to get the sack if there was none. The job of those who control local authorities—the democratically elected representatives—is to strike the correct balance between the risks calculated by a chief finance officer and the real risks in the real world. I hope that the hon. Gentleman will be a force for good in that regard, and that by the time I have finished speaking, he will see that some of his worst fears have been grotesquely exaggerated. I hope that he will understand that there are real opportunities for every local authority in England to benefit from the system that we are bringing in.

Graham Jones: My local authority, Hyndburn borough council, has put away almost £1 million as a contingency for the next three or four years, mostly in anticipation of the passage of this Bill. Will the Minister comment on that, because it refutes the suggestion he has just made?

Andrew Stunell: Actually, it confirms it absolutely. In another debate, the hon. Gentleman and I had an interesting discussion about whether he was receiving good advice from his council about housing policy and it transpired that he was getting very poor advice. If we were having another debate, I would ask him whether his local authority had now registered as a registered provider of housing, as it was failing to do so and was therefore losing out on opportunities for Government money. Given that fact, I would not necessarily accept that the decision it has taken to retain money in its accounts was based on the soundest available interpretation of its future financing.

Need is already incorporated as an important part of the system and the different circumstances of authorities are taken into account. I shall give some practical examples in a minute or two. Local authorities' baseline funding levels will be set on the basis of the 2012-13 formula grant process. To pick up on the points made by the right hon. Member for Knowsley (Mr Howarth) about damping, floors, ceilings and so on, we consulted last year and asked consultees for their views on retaining damping. He will, perhaps, not be completely surprised to hear that the answers depended strongly on whether the writers were recipients of the benefit of damping. We have considered that carefully and we are minded to retain the current damping in the assessment of formula grants, so I hope that will provide some reassurance to him and to his local authority. I know, however, that there will be others in the House for whom it will be a major disappointment.

Mr Andrew Turner *rose—*

Annette Brooke *rose—*

Andrew Stunell: I shall take an intervention, but perhaps the direction these interventions are coming from will give the right hon. Member for Knowsley a little comfort.

Mr Andrew Turner: Will the Minister explain to me why floor authorities that get extra grant above that determined by the formula through damping will be protected whereas councils such as my own on the Isle of Wight will not? Secondly, will the costs of concessionary fares and rurality on the island be properly accounted for?

Andrew Stunell: I thank my hon. Friend for raising all those points. As I predicted, clearly a decision to retain damping benefits some local authorities and is to the disbenefit of others. The Government have announced their view and I am sure that my hon. Friend will find ways to express his disappointment at a later stage. On the other points, as my right hon. Friend the Secretary of State has made clear, the calculation of the formula grant figures will take account of new data, such as that from last year's census, and will take a view on what might need to be done on concessionary fares and rurality. We have made that point, but nevertheless the foundation stone will be the formula grant figure for 2012-13, as amended by the measures in the points I have just made. The calculation of tariffs and top-ups will therefore be based strictly on that and will ensure that local authority funding at the outset of the scheme is in line with that assessment of relative needs and resources.

Annette Brooke: I thank the Minister for giving way, and this is a genuine question. Is it not true that the baseline funding will have taken on board the council tax base? Was that not reflected in previous formulae? An authority such as mine, for example, would naturally get less formula grant because of its council tax base.

Andrew Stunell: My hon. Friend is right and I will bring some of the facts and figures to the attention of the Committee in a moment or two. I hope that will reassure not just her but Opposition Members about the impact of the scheme.

Once the baseline is set—for shorthand, let us say that it is set at formula grant level—it remains fixed in place and in amount, in real terms, until there is a reset. We have already said that that figure will be uprated by RPI to effect that. In advance of any reset, protections will be built in for those authorities that are less able to respond to the growth incentive. For instance, there will be the safety net payments we have already discussed, which will apply to any local authority that sees its income drop by more than a set percentage below its baseline funding level.

Helen Jones: The Minister and his colleagues keep talking about the growth incentive, so will he now answer one simple question to which we cannot get an answer from any of his colleagues? What does he think local authorities will do differently under his scheme from what they do now? The point has been made again and again that most local authorities are constantly seeking to attract new jobs and new investment.

Andrew Stunell: Similar questions were asked about the Government's decision to apply the new homes bonus to empty homes. We were asked what possible difference that could make, but it has reduced the number of empty homes by 21,000 this year and, as I go around the country, I find that local authorities are, for the first time, seized with the importance and necessity of tackling empty homes because that is an income stream for them. That will definitely be the case with local authorities in this situation. Indeed, the Opposition have given some illustrations that suggest that they rather fear that it might. There have been questions about whether the measure will prohibit the redevelopment of sites if authorities cannot keep the business rate income coming in. Opposition Members see that the perception about receiving a business rate income will be a significant consideration for local authorities of all kinds.

Steve Rotheram: It appears that the Minister is trying to advance the argument that that there are local authorities that are not interested in attracting inward investment. Can he name one?

Andrew Stunell: I am certainly not going to name an authority that is failing to get its inward investment, but I invite the hon. Gentleman to frame his remark and revisit it in four years' time, when he will see the results of the change we are introducing.

One of the central criticisms of the Bill has been based on a misunderstanding of what happens at the moment and a deep pessimism about what it is possible to achieve in the future. Let us look at the area of the hon. Member for Liverpool, Walton (Steve Rotheram). In the four-year period from 2005-06 to 2009-10 the average annual increase in business rates in Liverpool was 8.2%. It absolutely is not the case that Liverpool loses out by getting business rates instead of formula grant. The hon. Gentleman might like to ask the treasurer at Liverpool what the annual average increase in formula grant was at that time, because that is what we are comparing—formula grant that is delivered to Liverpool and dictated by Whitehall against a business rate income that is in Liverpool's hands. As I have said, the increase in those four years was 8.2% and I challenge the hon. Gentleman to say that the outgoing Labour Government were as generous as that. Let us not automatically assume that because an authority has difficult and challenging circumstances it is not possible for it to have increases in rates or that that is not happening.

8.30 pm

Helen Jones *rose—*

Andrew Stunell: I will give way to the hon. Lady in a moment, but I want to mention Knowsley first. The right hon. Member for Knowsley has done a very good job of illustrating the challenges faced by his council and his residents. He made the point that he has a number of large employers and he has understandable anxieties about the possibility of extreme volatility that that introduces. However, in the four-year period I have mentioned, Knowsley had an annual average growth of 8.7% in its business rates. Again, I invite him to talk to his chief finance officer and find out whether the formula grant increase for Knowsley under Labour was higher or lower than 8.7% per year. I hope that gives yet another illustration that it is not necessarily the most challenged or challenging authorities that face the losses he fears from the transfer of decision making and money from Whitehall to the town hall

Mr George Howarth *rose—*

Helen Jones *rose—*

Andrew Stunell: I shall give way to the right hon. Gentleman and then to the hon. Lady.

Mr Howarth: I need to make two points. First, when I spoke earlier I made the point that as far as I know there is no danger of the two companies I mentioned—Jaguar Land Rover and QVC—not surviving and prospering in future. I mentioned them merely as examples of the sort of investment Knowsley has been able to attract and I was not saying that the inherent volatility is likely to come about because either of them will close. Secondly, the Minister suggests that I should talk to the director of finance at Knowsley, but my speech was based largely on a discussion I have already had with the director of finance. Given the current circumstances, he does not think that the kind of investment we have been able to attract in the past can be guaranteed in future.

Andrew Stunell: On the right hon. Gentleman's first point, I agree and I am sorry if any of my remarks conveyed a different impression. He is absolutely right that the issue is not about the future of particular companies in his constituency. On his second point, it is a good idea for me to tackle this issue of need head-on, as the amendment is about need.

Helen Jones: Will the Minister give way?

Andrew Stunell: I am so sorry, I will certainly give way.

Helen Jones: I am very grateful to the Minister for giving way, but I have to say that he is advancing an entirely specious argument. He is comparing growth at a time when the Labour Government were investing hugely in cities such as Liverpool and when the economy was growing with a time when that investment has been mostly withdrawn under this Government and the economy is flatlining. Anyone who seriously thinks we will get the same amount of growth in the next—

Gavin Barwell (Croydon Central) (Con): It is relative.

Helen Jones: No, the Minister quoted the actual growth in business rates. Anyone who thinks we are going to get the same amount of growth in the next few years is living in cloud cuckoo land.

Andrew Stunell: I invite the hon. Lady to check her diary carefully and see exactly when it was that we had to buy all the banks because they had gone bust.

I want to contrast Knowsley with another local authority. Knowsley gets £1,225 per resident in formula grant. I am sure the right hon. Member for Knowsley would say that is not enough, and I understand his point of view, but I want to draw his attention to Wokingham, which is often prayed in aid as one of those rich southern places that benefits from an unfair system. Wokingham had a 3.3% growth in its business rates in the period I have mentioned against Knowsley's 8.7%, and whereas Knowsley got £1,225 in formula grant per person, Wokingham got £686. That is being built into the system.

The hon. Member for Hyndburn (Graham Jones) said he thought the Government were behaving grotesquely unfairly. He may think that, but I have hon. Friends who think that that outcome is grotesquely unfair for a different reason. We have a system that recognises need, albeit imperfectly and even though we have built in damping. That suits the right hon. Member for Knowsley but does not suit my hon. Friend the Member for Isle of Wight (Mr Turner). That is entrenched in the system and it is important that if the Opposition make criticisms—understandably, because that is their job—they should be based on a sense of reality.

We are introducing a scheme that provides an incentive for growth and localises decisions over the money that local authorities can spend. That growth and localisation is very much better than local authorities standing as beggars at the door of Whitehall, year after year, saying, "We want more money." Surely it is right that those who have the money can decide how to spend it and those who can promote growth have opportunities not only to do it but to benefit from it.

What about Westminster which the right hon. Member for Knowsley prayed also in aid? Let us be clear: he should rejoice when Westminster gets loads of business rate. Why? Because the authority keeps only the baseline figure. It will keep only its formula grant figure. All the rest will go to help Knowsley, among other places—*[Interruption.]* The hon. Member for Warrington North (Helen Jones) says it is not true. I am not sure whether she is accusing me of deceiving the Committee.

Westminster gets its formula grant and the rest goes back into the pot. When Westminster has growth, it will be able to keep some of it. If it has disproportionate growth, it will be taken away in the levy. Two things will affect Westminster: it will get only the equivalent of its formula grant in its baseline, and when growth comes, any disproportionate growth will be taken away to fund the right hon. Gentleman's safety net.

Mr George Howarth: Let me make it clear. I am not arguing that Westminster, Wokingham or even the Isle of Wight should be penalised in any way. That is not my point. By making invidious comparisons, the Minister makes the case for the amendment. We are saying not that everybody should get the same, but that what they get should be based on rigorous analysis of the needs of individual areas.

Andrew Stunell: The right hon. Gentleman should be careful about making that argument; I might be tempted to take away his damping. That would be the unchallengeable fact in what he said.

John Healey: The Minister may have meant it lightly, but he has just said a serious thing. It suggests that Ministers in this Government make arbitrary and personal decisions about the funding going to local councils, that are not based on any fair, open or objective formula.

Andrew Stunell: That is of course wilfully misunderstanding the point I made. The damping mechanism means that Knowsley does not get what the Labour Government decided it should get if the formula of need was applied correctly. The damping formula is protecting Knowsley from full implementation of the needs formula that the Labour Government introduced, and the right hon. Member for Knowsley wants me to keep it. Let us be quite clear. I am sorry if my lightly enunciated remark was taken as meaning anything other than that the right hon. Gentleman advanced a contradictory argument to the one he was making a few minutes ago.

Mr George Howarth: I suggest that in the morning, when the Minister has a quiet moment—I am sure that he has them in his life—he reads the *Hansard* for this debate; he can then decide which of us is being contradictory. For the purposes of absolute clarity, and following the point that my right hon. Friend the Member for Wentworth and Dearne (John Healey) made, will the Minister make it absolutely clear that his was a light-hearted debating remark, and that he does not intend to penalise Knowsley in the way that he described?

Andrew Stunell: I am disappointed with that, I have to say. I said very clearly that the Government have reached a settled view about including damping in the formula grant system; I hope that that is very clearly on the record.

Let me turn to the part of the amendment that relates to what should happen to revenue support grant. We are talking about funding outside the local share of the rates retention scheme. We could only use the revenue support grant for other matters. For instance, in the financial year 2013-14, the most likely recipient will be Local Government Improvement and Development. Perhaps the scale of these things needs to be understood: £27.8 billion is being distributed through formula grant—the amount that will, in future, come through the business rates retention scheme. Local government receives funding from outside that, from departmental budgets. For instance, under the provisional settlement for the coming year, the learning disability and health reform grant will be £1.36 billion; that comes from the Department of Health. The local sustainable transport fund will be a much smaller figure—£100 million—and comes from the Department for Transport. The preventing homelessness grant will be £90 million, and comes from the Department for Communities and Local Government. In the great majority of cases, it would be completely inappropriate to do what is suggested in amendment 65 and run those through a needs assessment.

Helen Jones: I am sorry, but most of the grants that the hon. Gentleman mentioned could not be run through needs assessments, because they are paid by other Departments, not by DCLG. The amendment relates to DCLG.

Andrew Stunell: I think that the hon. Lady is asking a question about revenue support grant, and that is the answer that I am giving her.

The Government have strongly endorsed the previous Government's policy that new burdens imposed on local authorities should be funded directly by central Government. We would therefore want a more tailored assessment of how those new burdens fall, rather than a needs assessment process.

The amendment misses the mark entirely. The speakers in this debate have started from a position of understandable oppositional attack on the proposals that we have introduced, and have entirely missed the point of what we are doing in returning power and opportunities to local authorities. Their fears for their individual authorities are misplaced. With that explanation and assurance, I hope that the hon. Lady will choose to withdraw the amendment.

8.45 pm

Helen Jones: I want to respond to what the Minister said, because I am not entirely sure, having listened to him, whether he has understood what is in the Bill that his Department has brought before the Committee. First, he tells us that the Bill hands control of business rates back to local authorities, but it precisely does not do that; the Secretary of State decides the central and local shares for each authority. The Minister also told us that need was in the system. Well, it may be somewhere in the system in his mind, but it is certainly not in the Bill. It appears nowhere in the Bill, and the Government have rejected every amendment that tried to put it there.

Secondly, the Minister kept quoting the growth incentive for local authorities. Throughout these debates, no one on the Government Benches has been able to tell us what they expect local authorities to do differently under the new system from what they are doing now. He also talked about local authorities giving all their growth, if they are a high growth area, to other authorities, but that is not what the Bill does. That ignores the gearing effects. Local authorities with a high tax base will gain more from the same amount of growth than an authority with a low tax base.

It is true that there is a levy on local authorities. That does not take back all the growth from a local authority, nor does the top-up and tariff system. Let me tell the Minister again that the levy takes back part of the disproportionate growth. It does not take back all the disproportionate growth. The logic of that is that some authorities grow at a higher rate than others. The problem is that the Government will not accept that the effect for some local authorities might be a huge gap between needs and resources.

Once again, we are asked to give a blank cheque to the Secretary of State to distribute grants in whatever way he thinks fit. There are a number of objections to that. We will be told, no doubt, that the Secretary of State will do that fairly, and that he is a benign, generous and wise individual. His record so far on local government finance would not support that view. Even if we believed that, there are whispers that he might not be in that post very long. However, in the Bill we are giving power not to an individual, but to an office holder, with no checks and balances whatever in the system. I am amazed that Conservative MPs, who constantly lecture us about the growth and overweening power of the state, are prepared to cede such power, with no checks and balances in the system.

What we heard from the Minister in his winding-up speech is cloud cuckoo land. It is nothing to do with what is in the Bill. Perhaps it is an aspiration, like not raising tuition fees, but we want to see these things written into the Bill. For that reason, we will press the amendment to a Division.

Question put, That the amendment be made.

The Committee divided: Ayes 214, Noes 288.

Division No. 438] **[8.48 pm**

AYES

Abbott, Ms Diane	Ashworth, Jonathan
Abrahams, Debbie	Austin, Ian
Ainsworth, rh Mr Bob	Bailey, Mr Adrian
Alexander, Heidi	Bain, Mr William
Ali, Rushanara	Balls, rh Ed
Allen, Mr Graham	Barron, rh Mr Kevin
Anderson, Mr David	Bayley, Hugh

Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Francis, Dr Hywel
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Love, Mr Andrew
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meams, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Reeves, Rachel
Reynolds, Jonathan
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Yvonne Fovargue and Phil Wilson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Andrew, Stuart
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Brazier, Mr Julian
Brine, Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davies, Philip
de Bois, Nick
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie

Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Jackson, Mr Stewart
James, Margot
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lamb, Norman
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Lewis, Brandon
Lewis, Dr Julian
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Moore, rh Michael
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rosindell, Andrew
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simpson, David
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Syms, Mr Robert
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Ward, Mr David
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
James Duddridge and Jeremy Wright

Question accordingly negatived.

Schedule 2 agreed to.

Clauses 3 to 5 ordered to stand part of the Bill.

Schedule 3

LOCAL RETENTION OF NON-DOMESTIC RATES: FURTHER AMENDMENTS

Amendments made: 9, in page 44, line 14, leave out '12(8)' and insert '12(8) or (8A)'.

Amendment 10, in page 44, line 16, leave out '15(6)' and insert '15(6) or (6A)'.

Amendment 11, in page 44, line 43, leave out '12(6)' and insert '12(6) or (6A)'.

Amendment 12, in page 44, line 45, leave out '15(4)' and insert '15(4) or (4A)'.

Amendment 13, in page 45, line 44, leave out '12(2) and (8)' insert '12(2), (8) and (8A)'.

Amendment 14, in page 45, line 44, leave out '15(6)' insert '15(6) and (6A)'.

Amendment 15, in page 46, line 3, leave out '12(1) and (6)' insert '12(1), (6) and (6A)'.

Amendment 16, in page 46, line 3, leave out '15(4)' insert '15(4) and (4A)'.—*(Robert Neill.)*

Schedule 3, as amended, agreed to.

Clauses 6 and 7 ordered to stand part of the Bill.

New Clause 2

MAJOR REDEVELOPMENT SCHEMES: NON-DOMESTIC RATE INCOME

'(1) In any case where a relevant authority proposes a major redevelopment scheme resulting in a substantial loss of non-domestic rate income for a period exceeding one year, the authority may make an application to the Secretary of State for a safety-net payment to be made to the authority each year for the period of the scheme. The Secretary of State must determine whether to make such a payment having regard to—

(a) the proportion of non-domestic rate income which will be lost to the authority for the period of the scheme, and

(b) the future social and economic benefits of the scheme.

(2) The Secretary of State must notify the authority of his or her decision on whether or not to grant a safety-net payment and allow the authority 28 days to make representations about his or her decision before issuing a final determination.'.—*(Helen Jones.)*

Brought up, and read the First time.

Question put, That the clause be read a Second time.

The Committee proceeded to a Division.

The Temporary Chair (Mr David Amess): I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The Committee having divided: Ayes 219, Noes 284.

Division No. 439] **[9.4 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Gregory
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Francis, Dr Hywel
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Love, Mr Andrew
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Jonathan
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Williamson, Chris
Winnick, Mr David

Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Yvonne Fovargue and Phil Wilson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Andrew, Stuart
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Brazier, Mr Julian
Brine, Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davies, Philip
de Bois, Nick
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Jackson, Mr Stewart
James, Margot
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Lewis, Brandon
Lewis, Dr Julian
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Main, Mrs Anne
Maynard, Paul
McCartney, Jason
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Syms, Mr Robert
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Ward, Mr David
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David

Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Norman Lamb and
Stephen Crabb

Question accordingly negatived.

John Healey: On a point of order, Mr Amess. The Under-Secretary of State for Communities and Local Government, the hon. Member for Hazel Grove (Andrew Stunell), wound up the previous debate for the Government, but I am not certain that *Hansard* will record exactly how he voted. Now he has rejoined the Front Bench having gone absent for a little while, perhaps he could tell us.

The Temporary Chair (Mr David Amess): I am afraid I have to tell the right hon. Gentleman that that is not a point of order. The Committee will have heard what he said and will draw its own conclusions.

Mr Tom Harris (Glasgow South) (Lab): Further to that point of order, Mr Amess. I wonder whether you could clarify a rule of which many of us were unaware. Is it in fact possible to run into the wrong Lobby and avoid your name appearing in *Hansard* by not actually voting? I have been in the House for 10 years, but I was not aware that that route was open to us.

The Temporary Chair: It is perfectly in order, whether it be unusual or not for the Minister to have done what he did.

Mr Dave Watts (St Helens North) (Lab): On a point of order, Mr Amess.

The Temporary Chair: Is it on the same point?

Mr Watts: It is on a different point. Is it possible, Mr Amess, to extend the time of this debate by 15 minutes, bearing in mind that we have lost 15 minutes because a Minister was locked in the wrong Lobby?

The Temporary Chair: I must tell the hon. Gentleman that I have no powers to do so. Any more points of order would obviously reduce the time further.

New Clause 5

RE-SET OF THE SYSTEM

'The Secretary of State shall establish a mechanism to allow local authorities to make representations on whether they believe a re-set of the system is required. The Secretary of State shall, prior to the publication of the Local Government Financial Report in any year, give consideration to any representations he has received and must lay before the House of Commons a report detailing—

(a) any representations he has received from local authorities on whether it would be appropriate to re-set the system, and

(b) his or her decision on such representations and the reasons for that decision.'.—*(Helen Jones.)*

Brought up, and read the First time.

Helen Jones: I beg to move, That the clause be read a Second time.

The Temporary Chair: With this it will be convenient to discuss new clause 7—*Resets of the non-domestic rates retention system*

'(1) The Secretary of State shall be required to make arrangements for a "reset" of the non-domestic rates retention system every three years.

(2) Any such reset must include consideration of—

(a) relative spending needs of each authority,

(b) relative resources available through council tax income,

(c) relative resources available through non-domestic rates.

(3) The assessment of relative need shall be determined in full consultation with local government.'.

Helen Jones: It is nice to see the Minister in his place after the time he spent quivering with fear in the Lobby.

Having convinced a junior Minister of the value of new clause 2, I hope to convince the rest of them of the values of new clauses 5 and 7. The new clauses attempt to tackle the difficult problem of how often the system should be reset by requiring a reset every three years and by establishing a mechanism to allow local authorities to make representations on resets.

All hon. Members accept that there must be a balance between having stability in the system and coping with change, but a system that leaves it too long without a reset will simply increase the disparities between local councils and penalise those in greatest need. The long gap that the Government want will increase the dislocation between the resources available and the funding needed for local services, which we have discussed. There is therefore a possibility that service provision will become a postcode lottery depending on the demands made on a local council and on whether it has been successful in attracting new business.

Andrew Gwynne: Like me, my hon. Friend might have seen SIGOMA research that shows that all councils face a drop in their income when such changes are introduced. The research also shows that over the first five years of the 10-year period, a number of councils manage to make surpluses, but some do not. By the end of year 10, there is a huge disparity between the richest and the poorest authorities. Is not that the basic unfairness of the Bill?

Helen Jones: My hon. Friend highlights the problem throughout the Bill, but the longer the period between resets, the worse it gets. It is not clear what the Government plan, but in their response to the business rate consultation, Ministers say it is their aspiration to have a reset every 10 years.

Mr Watts: It is bad enough that the Minister is introducing a Bill that means that no hon. Member can work out the effect on their local communities and constituencies, but is it not even worse that he will also leave it for 10 years before he looks to reassess the situation?

9.30 pm

Helen Jones: My hon. Friend, who is a clear expert in local government finance makes a valid point—*[Interruption.]* He certainly is, and he ran a very successful local authority.

Throughout proceedings on the Bill, we have tried to get some certainty. But there is no certainty about resets. It is not certain whether the Government's aspiration will become a policy. The period is too long, and I suspect that in making it only an aspiration, the Government know that and are providing a get-out clause. They will not publish all the responses to their consultation, just a summary, but we know that the majority of respondents wanted a maximum of five years between resets, and many wanted a shorter period. This seems to have had no influence on the Government.

The problem with a 10-year reset is that all the modelling shows that the gap between the richer and poorer authorities will increase, and the Government have rejected all attempts to link resources with need. Indeed, the baseline for the redistribution of business rates is the current local government financial settlement, which has already created disadvantage, whatever the Under-Secretary might seek to tell us.

Andrew Gwynne: I am sorry to intervene again, but this issue is a hobby horse of mine. The general unfairness of the baseline locks in the in-year cuts that we saw in 2010-11, and the very poor settlements that Tameside in particular will receive in 2011-12, 2012-13 and 2013-14, so that those will be the baseline for the 10 years of this business rate redistribution.

Helen Jones: My hon. Friend makes a very good point and I have discussed with representatives of his local authority how badly they will be affected by this. No one will believe the Under-Secretary when he tells us that fairness is built into the system and that the Government will take account of need. A man who cannot even find the right Lobby is not likely to be believed to be an expert on local government finance.

Many of the councils who will suffer most have the weakest economies, the highest unemployment and significant barriers to business rate growth, so it is likely that they will be caught in a spiral of disadvantage, with local people paying the price. Labour Members have a real fear that the link between resources and needs, which has already been eroded by this Government, will be undermined further. Authorities with a high tax base will benefit more from the same amount of growth than those with a low tax base, even after taking levy payments into account.

No account is being taken, as we have seen, of the differing council tax bases of local authorities. That means that those authorities with many properties in band D and above will benefit much more from the same rise in council tax than those with a majority of properties in the lower bands. Some councils will end up struggling to protect the most vulnerable, while others might find that they have been successful enough to reduce, or even abolish, their council tax. The result will be that the system of delivering local services will no longer be seen as fair or reasonable, with huge implications for people's support for the system of business rates and council tax. We saw in the extreme case of the poll tax what happens when public confidence in a system of local taxation collapses—when they no longer see it as fair. I suggest that that is also a risk with this system.

Mr Watts: Is that not exactly what the Government want? They want to show that local authorities have been left with two choices—either to cut vital services in their communities or to put up council tax—but they want to be able to blame them for that, rather than accepting the blame themselves.

Helen Jones: As my hon. Friend knows, we have discussed what the Government are trying to achieve many times in debates on this Bill. Opposition Members are all clear that this Bill is not about giving power to local authorities, but about ensuring that they get the blame for what goes wrong.

In fact, the Government have already recognised in their response to the consultation that there is a problem with changing needs in local authorities. For example, a rise in population would create the need for more children's services, whereas as a growth in the number of elderly people may mean that more social care was needed. However, as we have seen in our debates thus far, the Government have failed to recognise that many other things can contribute to increased demand for local authority services, including unemployment and child poverty. The argument that that has to be balanced against the requirements of those who wish to undertake long-term projects, by allowing a 10-year reset, simply does not stand up, because most of them—we are talking about the TIF 1-type projects—will run for much longer than 10 years anyway. What the Government are suggesting would therefore fail to help councils with those projects, yet cause excessive problems for others. We believe that the way to avoid them is to have the system reset at regular intervals. The reset should also look not only at the business rate baseline and the basis for redistribution, but at the council tax base.

Mike Freer (Finchley and Golders Green) (Con): If the Opposition are so keen on resets and the ability to affect the calculation based on need and other factors, I am intrigued to know whether the hon. Lady can tell the Committee how many resets or revaluations took place between 1997 and 2010.

Helen Jones: As the hon. Gentleman knows, the difference is that when we were looking at local government finance, much of the grant was allocated on the basis of need. The problem that we are considering with this Bill, whereby the gap between local authorities will grow wider and wider, is not what we were considering at that time.

Mike Freer *rose—*

Mr Kevan Jones *rose—*

Helen Jones: I am going to make a bit of progress, because we have to get through this.

The way to avoid those problems is to have a reset at regular intervals. Some have suggested three years, and some five. We have opted for three years in our new clause 7, because we believe that local authorities have become used to three-year financial settlements and that they have operated very well. That option is also in line with the responses to the consultation, where only 23% of respondents felt that 10-year resets were appropriate. So much for the Government taking note of the consultation.

In new clause 5, we have also suggested that local authorities should have a right to be consulted each year about whether a reset is required before the

[Helen Jones]

Secretary of State publishes the local government finance report. We have done that because we think that local government is the best judge of what is happening on the ground. It should be treated as a partner in the process and allowed a say. Councils would be able to make such representations if they felt that unforeseen problems had been discovered, if major changes had occurred or simply if the system was not working as the ever-optimistic ministerial team assures us it will. Such a mechanism would recognise the key role that councils play in representing communities. That right is fundamental, if we in this House believe that councils have a democratic mandate of their own—as I think we all do—and should be able to participate in the process. The Secretary of State would have to consider representations received, and publish his decision and the reasons for it.

Mr Graham Stuart (Beverley and Holderness) (Con) *rose—*

Helen Jones: If the hon. Gentleman will forgive me, I want to wind up, because others want to get in before 10 pm.

We believe that such a proposal would introduce more clarity and accountability into the procedure. We have often been told—particularly by Government Members—that sunlight is the best disinfectant. We now have a chance, with our new clause, to let a bit of sunlight into the DCLG. We believe that both our new clauses would improve the system no end. It might help, Mr Amess, if I give the Committee notice that we will seek a vote on new clause 7. I commend new clause 5 to the Committee.

Annette Brooke: It is a pleasure to serve under your chairmanship, Mr Amess. I wish to make a few brief comments.

It is important that a local government body of councils should have a position on all the decision making, be it on the tariffs, the top-up or the levy or in relation to resetting. I do not know how formal that arrangement needs to be, but it is important to recognise that the information needs to come from a cross-section of local councils. Of course, we already have the Local Government Association, which is in a position to take such an overall viewpoint.

We have had some useful discussions about the length of the set-up period. It is fairly clear that no one here knows what the ideal period would be. I feel instinctively that 10 years is rather too long, but I recognise that we need a period of stability in order to make other measures work and to create incentives. I therefore hope that the Minister will assure us that a great deal of work will be done on this before we get to the regulations. I have a preference for a period of about five years, but I would also like an assurance that the Minister would have the power to reset, having listened to the LGA and other bodies, should something obviously have gone dramatically wrong. We have heard a great deal about uncertainty and, yes, there is bound to be uncertainty involved in a change of this magnitude, but the main thing for me is that we ensure that there is a safety net in place for ourselves, as decision makers.

Mr Kevan Jones: It is a pleasure to serve under your chairmanship, Mr Amess.

The hon. Member for Mid Dorset and North Poole (Annette Brooke) has just said that she hopes the Minister is listening. The ministerial team might well be listening but not actually taking notice. It has already been stated in the consultation with local government that the majority of councils came out against the 10-year reset time limit. I do not think that that bodes well for the future; I do not think that the leopard will suddenly change its spots, or that the Government will suddenly start to listen to local government.

I support the new clauses. The Bill will lock in for the next 10 years the inequality and unfairness that have become apparent this year. That unfairness will affect councils such as mine in Durham and other northern Labour-controlled councils. It is part of the Secretary of State's plan to lock in that inequality of support that favours his friends in the south-east. I shall give the Committee some examples of how that inequality has already become apparent this year, and how it will become locked in under the new mechanism.

As my hon. Friend the Member for Denton and Reddish (Andrew Gwynne) mentioned, the baseline figure in the 2010-11 spending round was the starting point. For example, County Durham's budget for 2011-12 was reduced by £10.9 million. South Tyneside council's budget was reduced by 5.6%—some £33.70 for each resident of that borough. Let us contrast that with Wokingham in Berkshire, whose budget was increased by 0.2%, meaning that each of its residents got an extra 30p.

9.45 pm

I know the Government do not believe in regions, but if we look at the average cuts per capita set by the 2010-11 and 2012-13 spending rounds, we see that per capita spending is down in the north-west by £133, in the north-east by £120, in Yorkshire and Humberside by £107, in London by £97, in the west midlands by £89, in the east midlands by £60 and—this is where it becomes quite clear that the Government are looking after their friends—in the south-west by £44, in the eastern region by £38 and, lo and behold, in the south-east of England by £31. The fact that that is used as the baseline figure locks it in under the formula for the next 10 years. That will increase inequality—we heard in an earlier debate how the Government do not recognise that there is a need in that regard—and it ignores what local government is saying.

If the new system will be perfect from day one, what have the Government to fear from reviewing it after three or five years, as local government wants them to? As councils recognise, the inequalities will continue and there would be a loud clamour and pressure on the Government to change the benchmark in three, four or five years' time. If it is locked in for 10 years, they can keep on ignoring that, saying that as the law says they must wait that long it is the earliest time they can review it.

Mr George Howarth: Does my hon. Friend accept that as well as the regional disparity he has described there are disparities within regions, which mean that things could be even worse for some local authorities?

Mr Jones: I do. In regions such as that represented by my right hon. Friend, there will be regional disparities between councils. We are told that this Bill is about giving local government the powers to grow business rates, for example, but it will lead to an increased cycle of deprivation in those constituencies and make it harder for councils to attract businesses and grow their council tax base.

Andrew Gwynne: Is the situation not worse than that, because the plans do not just lock in the funding from one period of time? Instead, on top of those real cuts in local government finance we will also have a huge increase in demand for statutory services in those areas of deprivation.

Mr Jones: Exactly. Hidden in the Bill is the localisation of council tax benefit, which the Minister does not like to talk about and which comes with a 10% cut. As unemployment is rising in the north-east under this Government, more people will qualify for that benefit. Where will the money come from if it is locked into this system? The only other option for local government would be to increase the domestic rates, but there is an inbuilt problem in doing so. For example, in the north-east, 50% of properties are in band A, so the amount that can be generated is limited. In Surrey, only 2% of houses are in band A, so it is easier for some of the wealthier areas to generate that cash if they wish to do so. An increase of 1% in council tax in Durham, for example, gives a lot less in the long-run than the same increase would in Surrey.

Steve Rotheram: Is my hon. Friend aware of the heat map that has been produced that illustrates precisely what he is underlining? Those areas of highest deprivation that have been hit the hardest just happen to be areas that have Labour Members of Parliament.

Mr Jones: They are. My hon. Friend mentioned that map earlier and it only has to be seen—it screams inequality and exposes what the Conservative element of this coalition is about. It does not care about areas such as Liverpool and so on but about rewarding areas in the south-east, where its voters are. That is blatantly political. I am surprised that the Liberal Democrats are going along with it, but I presume that they have written off most of their northern MPs and councils for the next election in exchange for the Deputy Prime Minister's post. Certainly, that inequality will be there when one looks at some northern councils and I do not understand why the Liberal Democrats are going along with this given the blatant unfairness that it will lock into the system. The hon. Member for Mid Dorset and North Poole (Annette Brooke) said that she would like a review of this issue, but there is no sign that the Government want to look at or take on board anything that has been said in the House or by local Government regarding the Bill.

Mr Watts: The proof is in the pudding, is it not? Not one council that has a high level of deprivation supports this measure and the only ones that do are those with very low levels of deprivation.

Mr Jones: That is right. This issue is highly political. All credit to the Secretary of State—he knows exactly what he is doing. As my hon. Friend the Member for Warrington North (Helen Jones) has said from the Front Bench, the measure will end up pushing on to local councils some of the tough decisions on spending that will have to be taken. There are two ways of dealing with this—increasing local rates or cutting services—but that will be happening at a time when demand for local government services in deprived areas such as some of those my hon. Friend the Member for St Helens North (Mr Watts) represents is going up. One has only to look at some of the statistics we have heard on Second Reading and in our debates in Committee. Demand for adult services and other services in County Durham, south Tyneside and Liverpool, for example, will be a lot higher than in Surrey and the south-east.

I do not know what the Government have to fear from the reset being on a five-yearly or three-yearly basis. They think they can lock that unfairness into the system, and it is clear that when local people realise that not only are their services going to be cut but they face council tax increases as well, the Secretary of State will say, "Oh, well, it's your profligate local council that's doing this." But in fact, the problem is the system of local government finance being introduced that will directly cause that. We need to keep repeating that point. It is quite clear that the Local Government Association and even some Conservative councils are working on the basis that what the Secretary of State says is not always true. For example, he can offer money for the freeze in council tax, but only for three years. If people take that, they have to realise that there is no guarantee about what they will get just before the next general election.

The measures build in unfairness and we need to make sure that the Minister explains why the period will be 10 years. That figure seems to have been plucked out of thin air—there is no justification for it and local governments do not support it—so what is the rationale behind it? The Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill) said earlier that there could be in-year adjustments for councils that fall on hard times in terms of their business rate income going down, and that is mentioned in the Bill, but we have not seen exactly how that will be distributed. There is no guarantee that a council faced with large redundancies and the closure of a big provider of local business rate will get any benefit at all, because it will be down to the Secretary of State's determination. On present form, it seems quite clear what the Secretary of State will be doing—looking after Conservative councils.

Andrew Gwynne: We spoke earlier about the need for local government to have certainty and the fact that the Bill does not provide adequate certainty for local government, particularly for council treasurers, in planning their budgets. Is it not ironic that although the 10-year reset provides a degree of certainty, the certainty for councils such as Tameside and Durham is that we will have pretty poor settlements for the whole decade?

Mr Jones: Indeed. I know that the Secretary of State will say, "We are giving you these local responsibilities", but how are authorities going to plug the gap? It will be either by cutting services even more or by increasing domestic rates.

Another point on which we need clarification is the "exceptional circumstances" mentioned in the Bill. I should like to know what "exceptional circumstances"

[Mr Kevan Jones]

are. In what circumstances would the Secretary of State look at a reset during the 10-year period?

Local government needs certainty, and not just in providing services. For example, three-year budgets allowed councils to take decisions that led to efficiencies. If councils are not sure how much money there will be each year, that uncertainty will prevent them from making strategic decisions, savings and investments. That flexibility will be lost. The argument is that this is a localism Bill giving local councils a say, but as we have explained clearly, it actually gives more powers to the Secretary of State and Ministers to decide the future of local government. I should like to know from the Minister why 10 years was chosen for the reset.

Earlier, there were some comments about revaluation. When the Secretary of State was in opposition he argued vigorously against the revaluation of domestic rates. It is time to look at domestic rates, because in all our constituencies we see disparities between different properties. The revaluation process was rushed, which led to a record number of appeals. The Bill will give rise to a situation where the inequality set in domestic rates in the 1990s will be set in the business rate assessment too.

Robert Neill: I can tell my hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke) that of course we shall consult fully before we finally set, through regulations, the figure for the reset. It is important to bear in mind that a key point of the legislation is to give a proper incentive for growth, and the longer the period between resets, the greater the incentive for growth for local authorities. The shorter the period between resets, the more the growth incentive is minimised.

I am sorry that the Opposition, having claimed to be in favour of localisation, seek to introduce amendments that would significantly undermine the growth incentive for local authorities. It is even more unfortunate that when they make their case, having accused us in rather patronising tones of not doing our homework, they clearly get their homework very wrong, as I shall shortly demonstrate.

New clause 5 would implement a system that triggered an annual reset. That would destroy any incentive in the process whatever, and negate the whole growth incentive. The Opposition say we should listen to the interests of local government. In the consultation responses that the hon. Member for Warrington North (Helen Jones) cited, 78% of respondents favoured fixed resets, so their amendment ignores that 78%. It is a pity they did not do their homework properly on that one.

Mr Watts: Will the hon. Gentleman give way?

Robert Neill: No, I do not intend to give way.

The Opposition proposal would simply recreate formula grant through the back door.

In relation to the period between resets, the hon. Member for Warrington North needs to start reading things a little more carefully. She claimed that a majority favoured three years and quoted a figure of 23%. That is incorrect in relation to three years. Let me tell her what the response said: the three-year period that the Opposition proposed as their preferred reset period was supported by exactly 10% of respondents. A 10-year reset period was supported by 23%, and a period between five and 10 years had the support of in excess of 70%. If the Opposition cannot get their basic maths right, we will not have much faith in any amendments that they table on local government finance. Their rather specious argument falls, at the very least on grounds of thorough inaccuracy.

Of course it is important to ensure that we get a proper balance of need and resource at the beginning of the system, and we will do that. At the reset periods—we will discuss with the local government sector the appropriate—

10 pm

Debate interrupted (Programme Order, 10 January).

The Chair put forthwith the Question already proposed from the Chair (Standing Order No. 83D), That the clause be read a Second time.

Question put and negatived.

The Chair then put forthwith the Question necessary for disposal of the business to be concluded at that time (Standing Order No. 83D).

New Clause 7

RESETS OF THE NON-DOMESTIC RATES RETENTION SYSTEM

'(1) The Secretary of State shall be required to make arrangements for a "reset" of the non-domestic rates retention system every three years.

(2) Any such reset must include consideration of—

(a) relative spending needs of each authority,

(b) relative resources available through council tax income,

(c) relative resources available through non-domestic rates.

(3) The assessment of relative need shall be determined in full consultation with local government.'.—*(Helen Jones.)*

Brought up.

Question put, That the clause be added to the Bill.

The Committee divided: Ayes 218, Noes 297.

Division No. 440] **[10 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex

Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Francis, Dr Hywel
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Hermon, Lady
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Kendall, Liz
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Love, Mr Andrew
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Jonathan
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Wood, Mike
Woodcock, John
Woodward, rh Mr Shaun
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Yvonne Fovargue and Phil Wilson

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Andrew, Stuart
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Brazier, Mr Julian
Brine, Steve
Brokenshire, James
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Alistair
Burt, Lorely
Byles, Dan
Cable, rh Vince
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Chishti, Rehman
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James

Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Haselhurst, rh Sir Alan
Hayes, Mr John
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Jackson, Mr Stewart
James, Margot
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Lancaster, Mark
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Lewis, Brandon
Lewis, Dr Julian
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Main, Mrs Anne
Maynard, Paul
McCartney, Jason
McCartney, Karl
McCrea, Dr William
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Miller, Maria
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Simpson, David
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Syms, Mr Robert
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Ward, Mr David
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Stephen Crabb and Norman Lamb

Question accordingly negatived.

The occupant of the Chair left the Chair (Programme Order, 10 January).

The Deputy Speaker resumed the Chair.

Progress reported; Committee to sit again tomorrow.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

LOCAL GOVERNMENT

That the draft City of Bradford (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.—*(Bill Wiggin.)*

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 25 January (Standing Order No. 41A).

PETITION

Bus Services in Sedgefield

10.14 pm

Phil Wilson (Sedgefield) (Lab): This is a petition on behalf of 1,000 residents of Bishop Middleham and Fishburn. It states:

The Petition of residents of Bishop Middleham and Fishburn,

Declares that the Petitioners believe that in order to maintain a reliable rural transport network in County Durham additional funding needs to be provided for rural bus services.

The Petitioners therefore request that the House of Commons urges the Government to ensure that there is funding in place to maintain the provision of reliable rural bus services in County Durham.

And the Petitioners remain, etc.

[P000999]

Children's Subjective Well-Being

Motion made, and Question proposed, That this House do now adjourn.—*(Stephen Crabb.)*

10.15 pm

Chris Ruane (Vale of Clwyd) (Lab): Our children are under threat like never before. In the past, threats to children were mainly physical. Many died in infancy, when working or of diseases. The modern threat to our children and young people is more to their mental and psychological well-being.

There are many reasons why, and one is child poverty. After the war, whichever party was in government, child poverty hovered between 12% and 15%, but it went from 13% in 1979 to 29% in 1992. With the huge investment that Labour made over 14 years, we managed to get it down only to 20%—a big reduction, but not enough.

There are other factors. We face an obesity epidemic, with costs to the individual child's health and self-image. The most recent figures, for 2010-11, show that obesity among children in reception class, at five years old, is at 9.4%, and that by the time they reach year 6, at 10 years old, it doubles to 19%.

Mark Tami (Alyn and Deeside) (Lab): Does my hon. Friend agree that we are storing up problems for the future, both in terms of cost and from a psychological point of view, as many such children unfortunately become very disturbed adults?

Chris Ruane: The cost will be huge in terms of the individual, society and the economy.

When we look at mental illness, we find that certain groups are affected more than others: 45% of looked-after children and 72% of those in residential care suffer with mental illness. Some 1.5% of children are hyperactive; 0.3% have eating disorders; 5.8% have conduct disorders; and 3.7% have emotional disorders. Those figures might sound low, but at any one time 10% of children between the ages of five and 15 are suffering with a mental health disease. That is 850,000—almost 1 million—children.

We have to look at the reasons why that has come about. As I suggested earlier, something happened in the 1980s. The Government often talk about the broken society and broken Britain, but I honestly believe that the problem started to ramp up in the "loadsamoney" era, when there was no such thing as society and atomisation and isolation were rampant.

We have also seen the decline of those institutions that did believe in a big society and in social cohesion, such as the Church and the trade unions. Stable minds equal a stable society, but even Labour used the terms "producer" and "consumer". We did not use "citizen", and that is what we need to get back to—to viewing individuals as citizens and as part of society.

The Government can take many kinds of action, and many programmes have been tried, tested and proven. The roots of empathy classroom programme in New Zealand is a big success; the Swedish Government banned advertisements to children under 12, and that, too, has been a big success; and the Welsh Assembly Government introduced the foundation phase, with children learning through play until the age of seven.

My local authority of Denbighshire has had quite a few initiatives, including one by Sara Hammond-Rowley, involving simply sending out information sheets to parents, teachers and social workers, and giving out books, readily understood by parents and teachers, that can help with emotional disorder. We have had volunteering days in the local school in Prestatyn. Thirty-eight local volunteering groups aimed at children were there. The children were let off, one year at a time, to join them in friendship groups. It is about increasing volunteering and getting children away from the TV and computer and into socially interactive and physical activity. That is all to the benefit of those individuals and society.

The curriculum needs to be rebalanced. The national curriculum was introduced by the Conservatives. I was a teacher for 15 years and we followed the curriculum religiously, but we need a review. Have we thrown the baby out with the bathwater? We need to go back to stuff such as gratitude, empathy, discernment, reflection, silence, mindfulness, resilience, centring—the softer, gentler, more emotional approach to the curriculum, heavily present in the Catholic school in which I taught and in many religious schools. That would be a means of countering the advertising, media, peer pressure, consumerism, materialism and individualism.

A number of key statistics are not being monitored by the Government. I have tabled parliamentary questions asking what monitoring there is of advertising's impact on children; there was no assessment. I have tabled questions about the number of fictional acts of murder that a child will watch, but there is no assessment and no figures are kept.

A young child will see tens of thousands of fictional acts of murder and violence, which do not correlate to their own, natural world. What is most disturbing is that the Government do not collect statistics on self-harm, eating disorders, mental illness, hyperactivity, attention deficit hyperactivity disorder or transient children. The statistics are out there; they are often compiled by research departments or voluntary organisations.

I pay tribute to two reports in the past week, one of which—"Promoting Positive Wellbeing for Children", came out last Thursday and is jam-packed full of practical steps that local and central Government can take to promote positive well-being for children. This afternoon, the Action for Children campaign on neglect was launched; the Minister was there and spoke well. Those reports are excellent documents, but what use do the Government make of them? When the guiding association found out about the speech that I was making today, it sent me a briefing about its research on volunteering.

The Prime Minister talks about the big society and volunteering and I back that 100%. But we need to make sure that his words are backed up with action. This is a quote from the Prime Minister in 2006:

> "It's time we admitted that there's more to life than money, and it's time we focused not just on GDP, but on GWB—general well-being. Well-being can't be measured by money or traded in markets. It's about the beauty of our surroundings, the quality of our culture and, above all, the strength of our relationships. Improving our society's sense of well-being is, I believe, the central political challenge of our times."

I share every single one of those sentiments.

Jim Shannon (Strangford) (DUP): Earlier, the hon. Gentleman touched on child poverty. Does he feel that the Government's proposed changes to the benefits

[Jim Shannon]

system will directly impact on families in child poverty now and those who will fall into it? Does he feel that the Government should be giving priority to address child poverty across the whole United Kingdom?

Chris Ruane: I absolutely concur with every word of that, and I shall come to those points in more detail in a moment.

I want to spend a few minutes on the Children's Society's excellent report on children's subjective well-being. It gives the definition of subjective well-being, which focuses on how people are feeling, whereas objective well-being focuses on conditions that affect those feelings, such as health or education. The report looked at 10 areas: relationships with family, relationships with friends, time use, health, the future, home, money and possessions, school, appearance, and the amount of choice in life. It has some interesting key findings. One in 11 children has low subjective well-being. Family relations and choice are the two most important factors. Family relations has the best score and is always a positive, but how a schoolchild or young person manages the choices that affect his own or her own life has one of the lowest scores. External factors, life events and relationships with others can have a dramatic and sudden effect on the subjective well-being of children. Household income is important, but it should be enough rather than a lot. If a child has too much, they can mark themselves out and become a figure of fun as the posh kid in the class.

The report highlights six priority areas, one of which is the opportunity to learn and develop not just cognitive but emotional intelligence. I was a little disturbed last week when one of the education Ministers said that he held emotional learning in complete disregard. That does not chime with the opinions of the Prime Minister, and the Minister needs to think carefully about it.

The home environment is as important as the school environment. If a child goes home to a house in multiple occupation and is living six storeys up where it is wet, windy and draughty and he or she cannot concentrate, that is not a good environment in which to create opportunities for learning and developing.

Children and young people should have their opinions respected. They should be listened to not only in school, through schools councils, but by their parents around the breakfast table or the dinner table. They need to have a positive image of themselves. Advertisers tell us that beautiful people are thin, attractive, intelligent and dynamic. That is not always the case, but it is the image that is thrust at us through the media.

We must ensure that all families have enough to live on as they face the sudden shock of redundancy, benefit caps, the freeze in child benefit and the abolition of education maintenance allowance. The full consequences of those measures as regards how they will impact on childhood well-being must be thought through before they are introduced.

Positive relationships with family and friends are a key priority area. Family bonds are 10 times more important than the structure of the family. A lot is made of the nuclear family, which is held up as a paragon. I am from a nuclear family and I have my own nuclear family, but we should not be promoting that model by saying "You are not quite right" to all the other families, because that additional pressure will not help a child's well-being.

Children must be in a safe and suitable home environment. Privacy is important for a child's well-being: they need to have their own bedroom. If a child is in a transient family that moves between one town and another, they are twice as likely to have poor well-being. I come from a seaside town, Rhyl, where one primary school has a 49% transiency rate. In other words, for every 100 children who are there in September, 49 are gone by July. That is not good for the 49 and it is not good for the 51 who remain. Those children will often move two or three times in a year, leading to massive pressures on themselves and their families.

Children need an opportunity to take part in positive activities, because otherwise they will turn to negative activities such as drink, drugs, teenage sex and teenage pregnancy. We need to create positive opportunities for volunteering and creative and expressive activities.

The report is a mixed blessing. I hope that the Minister has a copy. The final page has a grid on which the green areas represent initiatives that have been put in place—I congratulate the Government on that—and the purple areas represent ideas that have not been acted on. I hope that in the course of this Parliament they will all become green areas. Just to remind the Minister, I have put down 36 questions tonight—one for each box—so he will be able to answer them tomorrow.

The important thing that the report says is that all these things need to be monitored. I know that the Minister, his party and the Government do not believe in red tape, but if they are not monitored, we will not know whether they are successful.

Mrs Sharon Hodgson (Washington and Sunderland West) (Lab): Will my hon. Friend give way?

Mr Deputy Speaker (Mr Nigel Evans): Order. I am afraid that the hon. Lady cannot make an intervention from the Front Bench, but if she moves to the Bench behind, she can.

Chris Ruane: Come on down!

Mrs Hodgson: Thank you, Mr Deputy Speaker. I am interested in what my hon. Friend said about monitoring the outcomes. We are signed up to the UN convention on the rights of the child. Many of its articles, such as the article on the right for the child's voice to be heard, could play a big part in meeting those outcomes. What does he think about the idea of having a Bill of Rights for children?

Chris Ruane: There is much to be said for that. The UN perspective is important, as is the European perspective. We need international comparators so that we can measure ourselves against international standards. We also need to monitor the programmes that we put forward nationally.

The Children's Society report gives credit to some of the initiatives that the Government have put forward over the past year, such as telephone support for families, free parenting classes for those with under-fives and the junior individual savings account. Of course, to have an ISA people need enough spare cash to put in it and many families do not have that.

There are big changes, which the Minister knows about, that will impact on children and their well-being. I will simply echo a thought that is in both reports. One of the key things that the neglect report asks of the Government is for information to be collected. For dozens of parliamentary questions that I have put down, the answer has been that the information is not collected by the Government—I must say that it was not collected by the Labour Government either.

These are two excellent reports. Progress was made under the Labour Government and it is being made, although more slowly, under this Government. However, there are dark clouds ahead and we all need to monitor this area—both those in government and those outside government—through parliamentary questions and debates to ensure that we get the best deal for our children and young people.

10.32 pm

The Parliamentary Under-Secretary of State for Education (Tim Loughton): I congratulate the hon. Member for Vale of Clwyd (Chris Ruane) on raising this important subject. He and I probably do not constitute the beautiful people physically, but that does not stop us bringing important and weighty topics to this House.

The hon. Gentleman raised a number of interesting ideas, many of which the Government support and are working on. I am glad that he produced the Children's Society's bingo card. After 20 months, I am proud of a number of the things that we have instituted. It is now important to see them through. I am confident that we will make a lot more progress with many of the other considerations in the report.

The hon. Gentleman also mentioned the Action for Children report on neglect, which was launched this afternoon. That report references some of the things that the Government have latched on to. I was able to say in my speech this afternoon that we are already on the case in ensuring that more children are identified and supported before a case of neglect becomes a case of abuse and a child ends up in the care system.

I agree with many of the hon. Gentleman's points, although I raised an eyebrow when he suggested that everything started to go wrong in the 1980s and that mental health only started to become an issue then. I am afraid that that is a rather limited perspective on history.

The Children's Society report, which the hon. Gentleman described, has clearly sparked a lot of interest and debate. It shows that many factors determine how happy children feel, including the quality of the relationships they have with their family and friends, their family income relative to that of their peers, how much choice they feel they have, their health and appearance, and where they live. I was pleased to note that most of the conclusions of the report were positive. In looking at the specific issues that it raises, we should not forget that 90% of the young people who were interviewed are satisfied with their lives. Some 85% are happy with their family life, more than 80% are in good health and more than 80% have a good set of friends. Nearly three quarters believe that that they learn a lot at school. Overall, the story is positive. Concerns are clearly being raised, and one is not being complacent, but there are lots of positives.

Not surprisingly, though, discussion has focused on the more negative aspects of the report. It is worrying that large numbers of children will experience low well-being at some stage in their childhood. The hon. Gentleman specifically mentioned mental health, and it has always been a worry to me to see the number of school-age children who have some form of notifiable mental illness and how young some of them are when they develop it. That is why the "no health without mental health" policy that the Government have instituted to raise the profile and importance of mental health in the NHS is key. Within that, we are placing importance on child and adolescent mental health services, particularly for children in the care system. We recognise their increased susceptibility to mental health problems. Across Government, we are determined to make improvements to all aspects of children's and young people's lives. We are working across Departments to try to bring about more effective solutions.

One of the things that the report says matters most to children is doing well at school. Achieving well academically builds children's confidence and self-esteem and provides them with a clear pathway to further learning and a skilled job. That will help to ensure that they experience positive well-being in their adulthood. The hon. Member for Alyn and Deeside (Mark Tami) said how problems in childhood clearly lead to troubled adulthood.

Feeling positive about the future is another important aspect of children's well-being. We are therefore absolutely clear that having a strong focus on raising academic attainment is critical to improving children's well-being. We believe that key to that aim is reform of the school system, giving school leaders the freedom and flexibility to respond to the challenges that they face. Our school reforms have been guided by three overarching goals: to close the attainment gap between those from poorer and wealthier backgrounds, to ensure that our education system can compete with the best in the world and to trust the professionalism of teachers and raise the quality of teaching.

One of the suggestions that the hon. Member for Vale of Clwyd made was that we review the curriculum. I can tell him that we are doing that. We are streamlining it to ensure that children get the very best grounding at school, which too many of them are still missing out on at the moment. To narrow gaps in achievement between the lowest-performing students and the average, we must have high aspirations for all children and a zero-tolerance approach to the view that schools facing difficult circumstances cannot succeed.

We recognise, however, that children from poorer backgrounds may need additional support, which is why we have introduced the pupil premium, releasing an extra £625 million of funding to support higher achievement among children from poorer backgrounds, rising to £2.5 billion in 2014-15.

We must also aim to halt the decline in our performance relative to other countries. It is not acceptable, for example, that at the age of 14 the reading ability of pupils in England is more than a year behind the standard of their peers in Shanghai, Korea and Finland, and at least six months behind those in Hong Kong, Singapore, Canada, New Zealand, Japan and Australia. Overall, in the past nine years England has fallen from seventh to 25th in international student assessment tables in reading, which is completely unacceptable.

[Tim Loughton]

We must also trust the teaching profession to get it right. Good schools have always recognised that children who feel happy and safe are more likely to achieve well at school, and such schools know what to do to ensure that they address underlying causes of low well-being among their pupils. They do not need the Government to issue endless guidance telling them what to do or how to do it. I am proud to say that in one year of this Government, we have cut more than 6,000 pages of guidance to schools. That means not that we think children's well-being is not important but that we trust schools to do what is right for their students, for example by intervening early to address problems so that children do not fall behind in their studies.

We want to be clear that the core business of schools is to ensure that every child receives a high-quality education and achieves to the best of his or her ability. That is why, for example, we have refocused the school inspections framework on four key areas: pupils' achievement, teaching quality, leadership and pupils' behaviour and safety.

We recognise, too, that we must take action to remove the barriers that prevent some children from flourishing and give extra support to children who are disadvantaged. I should like to take this opportunity briefly to illustrate how we are making improvements on all the factors highlighted in the Children's Society report.

First, on the family, the "Good Childhood" report states that a stable and supportive family environment is the most important factor that affects children's well-being. We are investing £30 million over the spending review period to fund a range of support for families and relationships, delivered through the voluntary and community sector, including counselling for couples who are experiencing relationship difficulties, parenting classes for first-time parents, and a commitment to turn around the lives of the estimated 120,000 most troubled families in Britain, who have multiple social, health and economic problems. A good, stable, happy family background is a major component of a good and happy childhood.

The hon. Gentleman mentioned income. Although the "Good Childhood" report is clear that having more money than their peers does not make children happy, it is equally clear that being poor relative to their friends reduces levels of well-being, with children in the poorest 20% of households experiencing lower levels of well-being. Our child poverty strategy sets out how we will take a cross-Government approach to tackling the causes of poverty, such as worklessness, educational failure, debt, poor health and family breakdown, thereby raising the life chances of poorer children and breaking the cycle of entrenched intergenerational poverty, which is such a blight on our society. The Government remain committed to the goal of eradicating child poverty.

Friendship is another subject that the hon. Gentleman flagged up. Having good relationships with friends is a key component of well-being. Conversely, experiencing bullying has a devastating impact on how children feel—those who have experienced bullying by peers are six times as likely to experience low well-being. That is why we have recently issued new guidance to schools on preventing bullying and taking decisive action to tackle bullying when and in whatever form it occurs. My work as co-chairman of the UK Council for Child Internet Safety—UKCCIS—is an important part of tackling cyber-bullying.

On supporting the most vulnerable, we are taking steps to improve the lives of those who face the biggest challenges. Whether through the reforms that we plan to introduce to improve the lives of children with special educational needs, implementing the recommendations arising from the Munro review of child protection, publishing the first national action plan to tackle sexual exploitation of children, or the improvements we are making to the support for children in care, the Government care about the well-being of all children. Many of those matters were referenced in both reports that the hon. Gentleman mentioned.

I want to finish on "Positive for Youth". The Children's Society report found that older age groups—in other words, those in their teens—tend to have lower subjective well-being than younger children. The Government accept that view, and take the well-being of that age group very seriously. Last December, after extensive collaboration with young people and professionals, we published "Positive for Youth", which is a new approach to cross-Government policy for young people. It is different in several ways. It brings together the policies of nine Departments, with nine Ministers contributing, into a single vision. It moves away from the centralised approaches of the past to set out a vision for how all sections of society can and need to work together to help all young people achieve. Most important, it is relentlessly positive about young people and their potential—it focuses on helping young people succeed, not just on how to prevent them from failing. I firmly believe that the vast majority of young people are hard working, responsible and creative members of their communities, who do not deserve the bad press they attract due to the behaviour of a tiny minority.

We will follow "Positive for Youth" with an audit of progress at the end of 2012. As part of that, we will publish a new set of data to demonstrate progress, moving away from reporting on the negative outcomes that have been prevented and focusing instead on young people's positive achievements.

Along with those measures, we are also developing a new national measure of young people's subjective well-being as part of the Measuring National Well-being programme that the Prime Minister commissioned. The Department for Education and the Office for National Statistics are working closely with a group of experts and partner organisations, including the Children's Society, to ensure that children's views are captured and acted upon. I absolutely agree with the hon. Gentleman about the importance of listening to the voices of children and young people. I have always practised that and will continue to do so. The results will tell us even more than we already know about children and young people's well-being and enable us to know how the views of children and young people in the UK compare with those in other countries, and to ascertain what progress we are making over time. The Government will also use the emerging data to better formulate and evaluate policy.

Let me deal finally with volunteering. Young people volunteer disproportionately when compared with other sections of the community. All the attributes of volunteering that the hon. Gentleman mentioned are encompassed

in the national citizen service programme, which the Prime Minister launched. It is all about giving young people opportunities to learn, to develop their personal social characteristics and to engage. I greatly hope that the hon. Gentleman will give his support to the national citizen service, which is part of our work to tackle all the issues that he rightly raised. We would very much like to extend it to Wales because it is a United Kingdom-wide scheme.

I thank the hon. Gentleman for raising such important points. I am sure that he and I share the objective of having much happier young children growing into much happier and productive adults.

Question put and agreed to.

10.45 pm

House adjourned.

House of Commons

Wednesday 25 January 2012

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Security Situation

1. **Jack Lopresti** (Filton and Bradley Stoke) (Con): What recent assessment he has made of the security situation in Northern Ireland; and if he will make a statement. [90822]

The Secretary of State for Northern Ireland (Mr Owen Paterson): The threat level in Northern Ireland remains at severe, meaning that a terrorist attack is highly likely.

Despite overwhelming community rejection of their murderous activity, terrorist groups continue to carry out indiscriminate attacks, as we saw in Londonderry last week. The Government remain committed to countering terrorism in all its forms.

Jack Lopresti: What measures is my right hon. Friend taking to ensure that young people do not gravitate to joining paramilitary organisations?

Mr Paterson: My hon. Friend touches on an important point. The problem cannot be solved by containment alone, although we pay full tribute to the Police Service of Northern Ireland and all those who are working in our security effort. The Prime Minister said that he wants a shared future, not a shared-out future, in Northern Ireland, and we are working closely with the devolved Administration. Only last week, Eamon Gilmore, the Tánaiste, was in Northern Ireland talking to the First Minister and Deputy First Minister about the very schemes to which my hon. Friend refers. A review is taking place to see which are the most effective, and which could be endorsed for a future PEACE IV programme.

Dr William McCrea (South Antrim) (DUP): Does the Secretary of State understand the anger and fear that is felt in my constituency and, indeed, throughout Northern Ireland, in the light of the release of Colin Duffy, a person charged on three different occasions with the murder of innocent people and who always seems to find a get-out card? What assurance can the Secretary of State give my constituents that they will be safe from brutal terrorists such as Colin Duffy, and not become another statistic in a long line of innocent victims?

Mr Paterson: I entirely sympathise with the concerns of the hon. Gentleman and his constituents. We believe in the separation of powers, and the decision was made by due process. I am delighted that there was one conviction for that appalling incident. I assure the hon. Gentleman that, as he knows from our private discussions, the Government will bear down on all terrorists. We have brought a further £200 million to Northern Ireland at the request of the Chief Constable, and we will stand by the PSNI and all those working to eradicate that very small number of totally unhinged, dangerous people.

Mark Durkan (Foyle) (SDLP): As the Member for the city of Derry, may I inform the Secretary of State that the overwhelming majority of its citizens deplore and resent the dissidents' acts of civic sabotage on Ireland's fourth city? Given the right hon. Gentleman's locus on some security matters, what input does he have into the justice and security Green Paper, and what engagement is he having with the devolved authorities about its implications for Northern Ireland?

Mr Paterson: I wholly sympathise with the hon. Gentleman's thoughts on behalf of his constituents. Last week's attacks were completely incomprehensible to any sane person: elderly people in a home and disadvantaged young people in a home were at real risk. I pay full tribute to the incredible bravery and professionalism of those PSNI officers who led the evacuation. I assure the hon. Gentleman that I work closely with David Ford, the Justice Minister, and the Chief Constable. I spoke to them both this morning, and we are liaising on the justice Green Paper.

Vernon Coaker (Gedling) (Lab): I associate myself with the Secretary of State's remarks about the PSNI and others in Northern Ireland who are combating the threat.

Last week saw the inspirational launch of an exciting tourist initiative for Northern Ireland, NI 2012. When so many people are doing so much work to create a better future, does the Secretary of State agree that last week's bomb attacks in Derry/Londonderry were reckless and futile? Will he guarantee to the people of Northern Ireland that all those coping with the terrorist threat are given our full support and the resources that they need to deal with any future threat?

Mr Paterson: I thank the hon. Gentleman for his supportive comments and for the support he gives me on that in private. He is absolutely right to condemn the attacks, which play absolutely no part in the future of Northern Ireland.

On support for the PSNI, as I have just said, the Chief Constable requested extra funds soon after the Government came to office and we delivered £200 million over the next four years. He is quoted in April last year as saying:

"We have the resources, we have the resilience and we have the commitment."

Vernon Coaker: I again assure the Secretary of State of the Opposition's full co-operation in dealing with those matters. He will know that responsibility for national security in Northern Ireland rests with him. What assessment has he made of the effectiveness of

the security services' performance and the implementation of the five key national security protocols agreed between the security services and the PSNI at St Andrews?

Mr Paterson: I am happy to confirm that Lord Carlile, in his third annual report earlier this year, confirmed that MI5 and the PSNI are working very closely together. More work could not be done more energetically to deal with the difficult dissident republican threat.

Paul Goggins (Wythenshawe and Sale East) (Lab): The devolution of policing and justice reinforced the determination of the political parties in Northern Ireland to face down the small minority who still engage in violence, but legislation stipulates that the Justice Department will disappear in May unless the Assembly resolves that it should continue. Will the Secretary of State update the House on the current thinking within the Executive and the details of any action he might need to take to maintain progress?

Mr Paterson: I pay tribute to the right hon. Gentleman's hard work when he ran security under direct rule. As he rightly says, the position is that the current arrangements cease in May this year. Negotiations are going on within the Executive between the First Minister and the Deputy First Minister, in which the Government are also involved. As I understand it, the incumbent, David Ford, has the full support of the First Minister and Deputy First Minister. For the Government's part, where we have overlapping roles, we have strong support for him and get on with him extremely well. I was in Dublin recently and I can confirm that Alan Shatter, the Irish Justice and Equality Minister, also enjoys working with David Ford. I hope that in due course this will become—

Mr Speaker: Order. I am very grateful to the Secretary of State.

Private Sector Job Creation

2. **Andrew Selous** (South West Bedfordshire) (Con): What recent discussions he has had with Ministers in the Northern Ireland Executive on job creation in the private sector. [90823]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): We work closely with Executive Ministers in the joint ministerial working group on rebalancing the economy. I regularly meet the Enterprise, Trade and Investment Minister and her colleagues in support of the Executive's efforts to create more jobs in the private sector.

Andrew Selous: I was delighted to see a recent CBI survey that said that 39% of firms in Northern Ireland expect to take on more staff this year, but does my right hon. Friend believe that the Northern Irish economy would do even better if it adopted the Work programme, which has been rolled out in the rest of the UK?

Mr Swire: Yes, I do. My hon. Friend is absolutely right: the Work programme provides tailored support for claimants who need more help to find jobs. I hope very much that Northern Ireland Ministers will adopt it as part of their welfare reforms. It provides a greater opportunity than did the future jobs fund.

Toby Perkins (Chesterfield) (Lab): An Aviva survey released this week showed that a quarter of small business owners are thinking of jacking in running their own business and instead trying to get a job because their situation is so difficult. Are Ministers in the Northern Ireland Executive as frustrated as the rest of the country at the lack of growth that this Government are delivering?

Mr Swire: We have many things to celebrate in Northern Ireland that are occasionally eclipsed by other news stories. Today, Muldoon Transport Systems in Dungannon has secured a £1 million contract to supply 19 trailers to one of Saudi Arabia's biggest businesses. Nearly a third of London buses are manufactured in Ballymena by Wrightbus. I look forward to joining the hon. Gentleman for an early summer holiday on one of Boris's Ballymena buses after Boris wins the mayoral elections.

It is worth pointing out that Northern Ireland has won 7% of foreign direct investment to the UK with only 2.8% of the population, and that Belfast attracts more foreign direct investment than any UK city outside London. Those are good news stories in Northern Ireland on which we intend to build.

Mr Laurence Robertson (Tewkesbury) (Con): Does the Minister share my concern about the number of jobs that could be lost in Northern Ireland as a result of the carbon price floor—a tax that does not exist in the Republic of Ireland?

Mr Swire: My hon. Friend, the Chairman of the Northern Ireland Affairs Committee, has raised that with my right hon. Friend the Secretary of State, who in turn raised it with the Chancellor of the Exchequer, who is discussing it with the Northern Ireland Finance Minister, the hon. Member for East Antrim (Sammy Wilson), who is in his place, and the Economic Secretary to the Treasury. They will report shortly.

Ms Margaret Ritchie (South Down) (SDLP): Will the Minister provide us with a progress report on the resolution of the problem of the capital budget for Northern Ireland for the next 10 years, which the Northern Ireland Office has promised us? If that is satisfactorily resolved, it will help to stimulate the local economy—both public and private sector—and to sustain existing jobs.

Mr Swire: The hon. Lady is right to bring that to the attention of the House. As far as I am concerned, work on that is still under way, and if there is any update I shall be happy to write to her.

Stephen Lloyd (Eastbourne) (LD): Before Christmas, I had the privilege of meeting the Northern Ireland Federation of Small Businesses, and I was extremely impressed with its efforts and the work it is doing. Will the Minister join me in congratulating the Northern Ireland FSB on its work and its determination to get through the economic challenges of the next 18 months?

Mr Swire: The Northern Ireland FSB is a key supporter of Grow NI, and is taking a keen interest in the devolution of corporation tax, which those of us on the Government Benches believe would be a shot in the arm for economic life in Northern Ireland.

Stephen Pound (Ealing North) (Lab): I find the Minister of State's selective comments to be quite extraordinary. The Queen of Hearts suggested that one should believe six impossible things every day before breakfast, but does the Minister seriously expect us to believe that a shrinking private sector can somehow compensate for the highest public sector job losses of any UK region? That sounds like "Alice in Wonderland" to me.

Mr Swire: Let us look in the real glass, rather than the looking glass, and give the hon. Gentleman three quick facts. The unemployment rate for Northern Ireland was down 0.7% over the quarter and 1% over the year. The number of unemployed people in Northern Ireland was estimated at 59,000, down 7,000 over both the quarter and the year. Northern Ireland unemployment for 18 to 24-year-olds for the three months to October 2011 was estimated at 18.2%, compared with a UK average of 20.5%. No one is saying that this will continue. We hope it will, but we are trying to deal with unprecedented economic circumstances, both globally and in trying to right the appalling legacy of the Labour Government.

Diamond Jubilee

3. **Nigel Adams** (Selby and Ainsty) (Con): What discussions he has had with the Secretary of State for Culture, Olympics, Media and Sport on arrangements in Northern Ireland to mark the diamond jubilee of Her Majesty the Queen. [90824]

4. **Michael Ellis** (Northampton North) (Con): What discussions he has had with the Secretary of State for Culture, Olympics, Media and Sport on arrangements in Northern Ireland to mark the diamond jubilee of Her Majesty the Queen. [90825]

11. **Glyn Davies** (Montgomeryshire) (Con): What discussions he has had with the Secretary of State for Culture, Olympics, Media and Sport on arrangements in Northern Ireland to mark the diamond jubilee of Her Majesty the Queen. [90835]

Mr Speaker: I call the Minister of State to reply. *[Interruption.]*

The Minister of State, Northern Ireland Office (Mr Hugo Swire): I am sorry, Mr Speaker. Such was the excitement following my previous remarks that I failed to hear you.

I have discussed this matter with the Minister for Sport and the Olympics, my hon. Friend the Member for Faversham and Mid Kent (Hugh Robertson), who, like me, looks forward to Northern Ireland playing the fullest part in the diamond jubilee celebrations and welcoming Her Majesty to Northern Ireland later in the year.

Nigel Adams: I am grateful to the Minister, and 2012 represents a very big year in Northern Ireland, not just because of the diamond jubilee but because of the Olympics. In Yorkshire, we have managed to secure more than 30 overseas squads to use our excellent training facilities. What steps are being taken to ensure that overseas squads use the great sporting facilities in the Province?

Mr Swire: I congratulate my hon. Friend on attracting so many teams to his area. In Northern Ireland we have the Australian boxing team, the Chinese gymnastics team—which is probably capable of even greater contortions than Opposition Treasury spokesmen—and the Irish Paralympics teams, which will hold pre-games training events in Northern Ireland. For the golfers among us, we also hope that the Irish open championship will be followed in due course by the British open.

Michael Ellis: Does my right hon. Friend agree that the events of 2012 present a wonderful opportunity for Northern Ireland to showcase itself as an excellent place for tourists to visit, both from other constituent parts of the United Kingdom and from around the world?

Mr Swire: Yes, I most certainly do—2012 is the year to visit Northern Ireland, with the launch of "Your Time, Our Place" last week, before returning in 2013 for the UK city of culture. I pay tribute to my hon. Friend for his sterling work in encouraging Members to donate to his window to commemorate Her Majesty's diamond jubilee. I did a quick ring-round of the Northern Ireland Office, and I am glad to say that I have donated—although I have not told my wife—the Secretary of State has donated and our Minister in the Lords has donated.

Glyn Davies: A visit by Her Majesty the Queen to the devolved nations can be a huge boost to their economies and, indeed, their morale. Will my right hon. Friend ensure that there is not only one visit, but perhaps more than one visit to Northern Ireland in 2012?

Mr Swire: My hon. Friend is absolutely right. The royal family are regular visitors to Northern Ireland, not least to the annual garden party. We are informed by the Palace that Her Majesty will quite rightly be visiting Northern Ireland, as she will all other parts of the United Kingdom.

Mr Nigel Dodds (Belfast North) (DUP): Does the Minister agree that, commensurate with security considerations, it would be of great benefit in encouraging the participation and engagement of the public with the Queen's diamond jubilee celebrations if they were given as much notice as possible of her visit to Northern Ireland? On previous occasions, such as her visit to Dublin and her engagements in London, people have been given only short notice.

Mr Swire: The right hon. Gentleman mentions Her Majesty's historic visit to Dublin last year, and I have absolutely no reason to suppose that in her diamond jubilee year she will not be greeted in Northern Ireland with equally fulsome adulation and applause. He also mentions security. All visits by members of the royal family and other VIPs have to be handled tactfully by the Police Service of Northern Ireland, and we would certainly not try to second guess it. There is a balance to be struck, and security must be paramount.

Mr Dodds: I thank the Minister for his reply. It has rightly been said that this is a tremendous year for Northern Ireland, and not only because of the jubilee celebrations. We shall mark the centenary of the Titanic, with the opening of a £100 million visitor centre, and

host the Irish open, as well as playing a part in the round-the-world yacht race. Northern Ireland will be a great place to visit. What is the Minister doing to encourage tourists coming to London for the Olympics to travel further across the United Kingdom to Northern Ireland?

Mr Swire: The right hon. Gentleman is absolutely right. The Olympics are, by definition, the London Olympics, but that does not mean that other parts of the United Kingdom should not benefit from them. He has just advertised what will be happening in Northern Ireland this year, and I would say to hon. Members and others outside the House: if you are not in Northern Ireland this year, frankly, you are no one.

Naomi Long (Belfast East) (Alliance): I welcome the Minister's comments about the Titanic centenary. The Titanic was built in my constituency, and we hope that "Titanoraks" from all over the globe will make their way to Belfast in 2012. What discussions has he had with the Department for Culture, Media and Sport to ensure that people are aware of the unique opportunity to experience some of the authentic history of the Titanic story? *[Interruption.]*

Mr Speaker: Order. The House must come to order. This is very unfair on the hon. Lady. Fortunately, she has a clear and forthright voice, but I also want to be able to hear the answer.

Mr Swire: Thank you for that, Mr Speaker. It is equally unfair on me, as I try to hear the hon. Lady's question. She mentions the Titanic. As they say in Belfast, "She was fine when she left here"—the Titanic, that is, not the hon. Lady, who is of course fine wherever she goes. I do not feel that I need to discuss the Titanic with the Secretary of State for Culture, Olympics, Media and Sport, because I think that everyone knows that it was built in Belfast and that we are going to celebrate that fact. When people come to Northern Ireland, they should certainly go to the Titanic quarter.

Welfare Reform Bill

5. **Dr Alasdair McDonnell** (Belfast South) (SDLP): What discussions he has had with Ministers in the Northern Ireland Executive on the Welfare Reform Bill. [90826]

The Secretary of State for Northern Ireland (Mr Owen Paterson): I discuss welfare reform regularly with the First Minister and Deputy First Minister. We now have a once-in-a-lifetime opportunity to reform the welfare system and to tackle the problems of poverty and welfare dependency by ensuring that work pays, and is seen to pay.

Dr McDonnell: I am sure that the Secretary of State understands the concerns and fears being expressed by many in Northern Ireland, given that the report by the Institute for Fiscal Studies found that, after London, Northern Ireland will be hardest hit by the proposals in the Bill. There is a suggestion that some £600 million will be lost. Does he find it surprising that civil society and Church organisations across Northern Ireland—and, indeed, the UK generally—oppose the Bill? Will he also give me an undertaking that no one will be left homeless as a result of the reforms?

Mr Paterson: I am grateful to the hon. Gentleman for his question. The four Church leaders came to London to meet the Minister responsible for welfare reform, my noble Friend Lord Freud, who is taking the Bill through the Lords. He explained many of the details of the Bill, which, sadly, is not well understood in Northern Ireland. I see great benefits in making work pay, and we will ensure that every person, regardless of their opportunities, will be better off if they work one hour longer.

Legacy of the Past

6. **Chris Skidmore** (Kingswood) (Con): What recent discussions he has had with Ministers in the Northern Ireland Executive on dealing with the legacy of the past. [90828]

8. **Lindsay Roy** (Glenrothes) (Lab): What recent discussions he has had on dealing with the legacy of the past. [90831]

10. **Huw Irranca-Davies** (Ogmore) (Lab): What recent discussions he has had with Ministers in the Northern Ireland Executive on dealing with the legacy of the past. [90834]

The Secretary of State for Northern Ireland (Mr Owen Paterson): Since taking office, my right hon. Friend the Minister of State and I have met the political parties and other interest groups to discuss the issue of dealing with the past, but there is no consensus. I shall meet the parties again in the coming weeks.

Chris Skidmore: I thank the Secretary of State for that answer and I welcome the progress made by the Historical Enquiries Team. Is my right hon. Friend confident that all cases will be dealt with by 2014?

Mr Paterson: My hon. Friend is quite right to comment on the HET, whose satisfaction levels have been extraordinarily high, with some 90% of families being either satisfied or very satisfied. I last spoke to the Chief Constable about this a few weeks ago and he was confident that on his current track the HET would complete on time.

Lindsay Roy: What discussions has the Secretary of State had with victim and survivor groups, how often has he met the Commission for Victims and Survivors and what have been the positive outcomes?

Mr Paterson: As I said in my opening answer, my right hon. Friend the Minister of State and I have met the local parties and numerous groups around Northern Ireland since we came to power, seeking a way forward on the issue of the past. We do not own the past, however. We can help facilitate, but ultimately the solution is very much in local hands and depends on local groups and local parties reaching consensus. Sadly, we have so far not found consensus.

Huw Irranca-Davies: Further to that helpful answer, back in November the Secretary of State said that he would meet parties to move the issue forward. Does he agree that bilateral discussions are no substitute for multilateral discussions, and will he tell us when he will make progress on bringing all the parties together to discuss this matter?

Mr Paterson: That is a very helpful question. There was a debate in the Assembly that asked me to call for talks, so I consulted the Speaker of the Assembly and decided to write to each party individually. I am not convinced that a great summit with satellite camera vans outside Hillsborough is the answer. The issue needs to be discussed soberly, quietly and privately to see whether I can find a way forward. I do not own the past—the solution must come from local politicians themselves. *[Interruption.]*

Mr Speaker: Order. There are far too many very noisy private conversations taking place in the Chamber. I want to hear Mr Gregory Campbell.

Mr Gregory Campbell (East Londonderry) (DUP): Does the Secretary of State accept that part of the problem in dealing with the past and trying to get the parties around the table is that one party was party to the major problem of the past—the Provisional IRA. It will not own up to the part it played in creating the past—rather, it tries to deem everyone equal, innocent and guilty alike.

Mr Paterson: I am grateful to the hon. Gentleman for his question and he touches on the problem of arriving at uniform consensus. We were elected on a platform of no more costly and open-ended inquiries, because we do not like the asymmetry of applying an extraordinary intensity of effort and expense to a very small number of cases. That is why I am trying to find a broader approach, working with all local parties.

Independent Commission for the Location of Victims Remains

7. **Guto Bebb** (Aberconwy) (Con): What assessment he has made of the work of the Independent Commission for the Location of Victims Remains; and if he will make a statement. [90830]

The Minister of State, Northern Ireland Office (Mr Hugo Swire): I commend the work of the Independent Commission for the Location of Victims Remains, which has to date located nine of the 16 disappeared. The commission is information-driven and is committed to investigating any further information it receives regarding the remaining seven disappeared.

Guto Bebb: Given the success of the commission and the closure it has helped to bring to many families, will my right hon. Friend assure the House that his Department will continue to ensure that the commission has all the resources necessary to complete its vital work?

Mr Swire: If my hon. Friend looks at the early-day motion, he will see that we and the Irish Government remain committed to the work of the ICLVR. We pay tribute to the two commissioners, Sir Kenneth Bloomfield from the British side and Frank Murray from the Irish side. They have done sterling work and they are in stand-by mode. We are determined to continue this work, if the information is available, to, we hope, bring some resolution to the families who have lost their loved ones.

Lady Hermon (North Down) (Ind): Can the Minister of State confirm that the commission continues to search for my young constituent, Lisa Dorrian, who was murdered and disappeared by those with loyalist paramilitary connections several years ago and who remains unfound? Can he give closure to her family?

Mr Swire: I suspect that the only thing that can give partial closure to the hon. Lady's constituents is the location of this individual. I am not certain whether the hon. Lady has signed the early-day motion, but if she has not I urge her to do so. Clearly, if the information is there the ICLVR will act on it, and it will be properly resourced so to do both by ourselves and by the Irish Government. We are absolutely determined that we will work our way through as many of the missing as we can, but I stress that this is an information-led process and we urge anyone and everyone with any information to bring it before the two commissioners.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [91459] **Nia Griffith** (Llanelli) (Lab): If he will list his official engagements for Wednesday 25 January.

The Prime Minister (Mr David Cameron): This morning I had meetings with ministerial colleagues and others, and in addition to my duties in the House I shall have further such meetings later today.

Nia Griffith: The Prime Minister frequently claims that he is not complacent about the tragedy of youth unemployment, so can he tell the House why his youth contract scheme still has not started?

The Prime Minister: The youth contract scheme is going to make a big difference to young people because it will, over the coming years, have 160,000 places for people in private sector firms. That will be far better than the failed future jobs fund, which in some cases had more than 97% of its jobs placed in the public sector. It will be up and running this year and it will make a big difference to young people.

Mrs Eleanor Laing (Epping Forest) (Con): Today is the anniversary of the birth of the great Scottish poet Robert Burns. Does the Prime Minister agree with Burns's impassioned plea for the unity of our nation in his poem, "The Dumfries Volunteers",

"Be Britain still to Britain true,
Amang oursels united;
For never but by British hands
Maun British wrangs be righted!"?

The Prime Minister: I am grateful to my hon. Friend for her question, and the point she makes is a good one. Burns night will be celebrated not just across Scotland but across the whole of the United Kingdom and in many parts of the world. When I hear the Scottish nationalists, who are so keen to leave the UK yet so anxious about having a referendum, I think that perhaps they should remember Burns's words when he referred to the

"Wee, sleekit, cowrin, tim'rous beastie,
O, what a panic's in thy breastie!"

Edward Miliband (Doncaster North) (Lab): We are 18 months into the Prime Minister's Government, and today's figures show that our economy is not growing but is shrinking. What has gone wrong with his economic plan?

The Prime Minister: These are extremely difficult economic times and these are disappointing figures—although they are not unexpected, because the Office for Budget Responsibility forecast a small decline in gross domestic product at the end of last year. I will be frank with the right hon. Gentleman: they reflect three things. They reflect the overhang of the debt and the deficit that we have to deal with; they reflect the higher food and fuel prices that put a squeeze on household income towards the end of last year; and they also reflect the crisis in the eurozone that has frozen Europe's economies. The forecasts for France, Germany, Spain and Italy for the end of last year forecast as great a decline, or in many cases a greater decline. This is the year when we have to take further action to get our economy moving, but the most important thing is to have a credible plan to get on top of the deficit, which has given us the lowest interest rates for more than 100 years.

Edward Miliband: People are fed up with the right hon. Gentleman's excuses about what is happening in our economy. He blames the eurozone. Growth has been flatlining in our economy since well before the eurozone crisis—in fact, since his spending review in autumn 2010. And what has characterised the Government's approach throughout this period? Total arrogance. In his first Budget the Chancellor painted a glowing picture of what his policies would deliver for our economy. He said that his policies would deliver

"a steady and sustained economic recovery, with...falling unemployment."—[*Official Report*, 22 June 2010; Vol. 512, c. 168.]

We have a shrinking economy and the highest unemployment in 18 years. How bad do things have to get in our economy to shake the Prime Minister out of his complacency?

The Prime Minister: As usual, the right hon. Gentleman writes the question before he listens to the answer. I did not just say, "This is an issue of the eurozone." It is an issue of debt and deficit; it is an issue of squeezed household incomes—issues that are affecting many other economies. He talks about what our policy is. We remember what his policy was: "No more boom and bust". And yet he gave us the biggest boom and the biggest bust, which we are having to recover from. There is not one ounce of complacency; that is why we are cutting corporation tax, we scrapped Labour's job tax, we have introduced the enterprise zones, we are investing record sums in apprenticeships—*[Interruption.]*

Mr Speaker: Order. Both the Prime Minister and the Leader of the Opposition must be heard.

The Prime Minister: We are doing all of these things, but the Labour party has only one answer, and that is to deal with a debt crisis by borrowing more and adding to debt. That is his answer. That would wreck our interest rates, wreck our economy and make things much worse.

Edward Miliband: The Prime Minister says that there is not one ounce of complacency, but he and his Chancellor are the byword for self-satisfied smug complacency, and that is the reality. He talks about borrowing; he is failing not just on unemployment, not just on growth, but on borrowing as well. Because of his failure on growth and unemployment, he is borrowing £158 billion more than he forecast. And now we know—he said unemployment would fall; it isn't. He said our economy would grow; it hasn't. He said, "We're all in this together"; we're not. When will this Prime Minister face up to the fact that it is his policies that are failing our country?

The Prime Minister: Our economy grew last year, but the right hon. Gentleman cannot find it in himself—*[Interruption.]* There are more people in work today than there were at the time of the last election. But we were given—*[Interruption.]*

Mr Speaker: Order. The House must calm itself, and will hear the Prime Minister.

The Prime Minister: We were given a very clear instruction yesterday. At 5 o'clock in the afternoon the shadow Chancellor said that the Government should listen to the IMF and change course. At 7 o'clock in the evening the IMF told us what we should do. It said that it does not think that fiscal consolidation adds to the problem, and that

"The fiscal consolidation is part of resolving problems facing the UK economy."

That is the truth. There are two parties in this country taking responsibility for clearing up the mess; there is one party refusing to take responsibility for causing the mess.

Mr David Ruffley (Bury St Edmunds) (Con): Sir Fred Goodwin has recently been censured by the Financial Services Authority in its report on the RBS shambles. Can the Prime Minister tell the House when the Honours Forfeiture Committee will be sitting, to consider stripping this man of his ill-deserved knighthood?

The Prime Minister: The forfeiture Committee will, as I understand it, be meeting this week, and it will be considering all the evidence—including, as I have said before, the Financial Services Authority report on RBS and what went wrong, and who was responsible for what went wrong.

Mr Speaker: I call Mr Angus Brendan MacNeil. *[Interruption.]*

Q2. [91460] **Mr Angus Brendan MacNeil:** (Na h-Eileanan an Iar) (SNP) It seems, Mr Speaker, that the SNP gets more reaction from Labour than their own Leader does.

Does the Prime Minister agree that in Scotland the people are sovereign, and therefore for improvement they have the right to determine their own constitutional future as they see fit?

The Prime Minister: Of course this is an issue for the people of Scotland, and I think we should bring forward the date when we put to the Scottish people the question of whether they want to stay in the United Kingdom—which I dearly hope that they do—or to leave the United Kingdom. But the point that everyone needs to understand is that options for further devolution—options for changes across the United Kingdom—are matters for all of the United Kingdom, and matters that all of the United Kingdom should rightly discuss.

Sir Peter Tapsell (Louth and Horncastle) (Con): May I put it to the Prime Minister that for Britain to commit still more funds to the IMF would, in effect, be providing a subsidy to Germany, because it is still not fully supporting its own currency, while benefiting from its depreciation?

The Prime Minister: My right hon. Friend makes an important point. Of course the IMF managing director, Christine Lagarde, is in London today, and our message has been clear: there should be no question of committing further IMF funds until the eurozone itself has shown that it is comprehensively going to stand behind its own currency. In her speech in Germany last night Christine Lagarde made it absolutely clear that the IMF's role is to support countries, not currency zones, and the Government support that position.

Edward Miliband: Last September the Prime Minister said about his flagship health Bill:

"we have the Royal College of GPs, the physicians, the nurses and people working in the health service supporting the changes we are making".—[*Official Report*, 7 September 2011; Vol. 532, c. 352.]

Will he give the House an update on the support for his Bill from the medical profession?

The Prime Minister: I have certainly learned that when it comes to the NHS you should always expect a second opinion—or conceivably even a third opinion.

The point is this: there are thousands of GPs throughout the country who are not just supporting our reforms, but actually implementing our reforms. Let me give the right hon. Gentleman just one example of a supportive GP, who happens—*[Interruption.]*

Mr Speaker: Order. Hon. Members should not be yelling out. The question was asked, the answer will be given, and the answer will be heard.

The Prime Minister: I think they want to hear from this one particular GP, who hails from Doncaster. When he was the acting chairman of the Doncaster GP commissioning group, he said:

"Becoming one of the first national pathfinder areas is a real boost for Doncaster."

I think that what is good for Doncaster is good for the rest of the country, too.

Edward Miliband: How out of touch is the Prime Minister with what is happening in the NHS? Let me tell him what the medical profession is saying. The latest survey of the Royal College of General Practitioners says that 98% of GPs want the Bill withdrawn. The Royal College of Nursing has said:

"the turmoil of proceeding with these reforms is now greater than the turmoil of stopping them".

In his famous listening exercise, the Prime Minister said:

"change—if it is to endure, to really work—should have the support of people who work in our NHS. We have to take our nurses and doctors with us."

If he wants to hear the voice of doctors and nurses across our NHS, why does he not listen?

The Prime Minister: The right hon. Gentleman seems to be out of touch with what is happening in Doncaster. He asks what is happening in the NHS. Let me tell him what is happening in the NHS: 4,000 extra doctors since the election; 100,000 more patients treated since the election; in-patient and out-patient waiting times lower than they were at the election; and £7 billion of the £20 billion already saved. At the same time, we have got hospital-acquired infections at their lowest ever level. That is what is happening in the NHS, but if we listened to him, we would be cutting spending in the NHS and scrapping reforms of the NHS, and the NHS would be getting worse, not better.

Edward Miliband: I shall tell the Prime Minister what is happening in the NHS: waiting lists up, morale down. What does the majority-Conservative Select Committee on Health say about his reorganisation? It says that it will be a

"disruption and distraction that hinders the ability of organisations to"

release savings.

Let us be frank: this is a Bill that nobody wants. It is opposed by doctors, nurses and patients. Before the election the Prime Minister said, "No more top-down reorganisation." Is it not time he kept at least one promise, put aside his pride and arrogance, and dropped this unnecessary and unwanted Bill?

The Prime Minister: I know that the Leader of the Opposition panics and backs down the first time a trade union says no, but this Government do not. Of course if you introduce choice, transparency and competition and say that the private and voluntary sectors should play a greater role you face a challenge, but that is what doing the right thing is sometimes all about. Let him remember what his party's Health Secretary said about GP commissioning:

"That change will put power in the hands of local GPs to drive improvements in their area, so it should give more power to their elbow than they have at present. That is what I would like to see".—[*Official Report*, 16 May 2006; Vol. 446, c. 861-62.]

What a shame they talk about it in government, but do not have the guts to face down opposition when they are in opposition.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Following the death of 167 workers in the Piper Alpha disaster in the North sea, this country developed a world-leading safety case regime for offshore oil and

gas, which is now threatened by regulations from the European Union. Will the Prime Minister use his best endeavours to back his Department of Energy and Climate Change in persuading the rest of the EU that what we need is not more regulation, but a— [HON. MEMBERS: "Derogation?"] No—I am sorry Mr Speaker. What we need is not regulation, but a directive, which can be implemented flexibly.

The Prime Minister: My hon. Friend makes a very important point. I well remember the Piper Alpha disaster and the huge suffering and loss of life it caused. Since that day, we have put in place what I agree is a world-leading system of regulation, and I shall do all I can to support the Secretary of State for Energy and Climate Change in making sure that we get a result in Europe that means we can go on with the right regulations for the North Sea.

Q3. [91461] **Mr William Bain** (Glasgow North East) (Lab): On 2 May 2010 the Prime Minister said that

"The test of a good society"

was how it cares for the frail and the vulnerable, adding that that was

"even more important in difficult times."

Will he not be offending the basic sense of decency of the British people if he persists next week with proposals to take away up to £94 per week in employment and support allowance from up to 7,000 recovering cancer patients across the country?

The Prime Minister: What our plans envisage is more people with cancer receiving the higher level of benefit and fewer people having to have the face-to-face interview. That is the case. As the hon. Gentleman knows, there are two types of employment and support allowance. Those in the support group get that money for ever—for as long as they need it and as long as they are unable to work. Many people with cancer go straight into that group, and quite right too.

Q4. [91462] **Stephen Metcalfe** (South Basildon and East Thurrock) (Con): I know that my right hon. Friend is aware that the Coryton oil refinery in my constituency went into protective administration yesterday. Although the future is uncertain, it is by no means bleak. Does he agree with me that what is needed now to protect the 1,000 jobs the refinery provides is the full support of the customers and the suppliers, and accurate reporting of the situation? Will he agree to ensure that I meet all the relevant Ministers to discuss what further action the Government can take to secure the future of that important business?

The Prime Minister: My hon. Friend is right to raise that case and to mention the importance of the role played by the customers and the suppliers. I shall certainly make sure that he meets Ministers as appropriate. The key is the role of the administrator, which has made it clear that its immediate priority is to continue to operate the refinery operations at Coryton and the other Petroplus sites in the UK while the financial position is clarified and all the restructuring options are explored. We are confident that the administrator is doing all it can, but we will keep on the case.

Q5. [91463] **Mr Pat McFadden** (Wolverhampton South East) (Lab): The existing UK controls on the movement of terrorist suspects lapse today, including in the case of suspect CD, of whom Mr Justice Owen said at his appeal last year that relocation was a

"necessary and proportionate measure to protect the public from...an immediate and real risk of a terrorist-related attack."

Will the Prime Minister tell the House why his Government supported the relocation power at the court hearing last year, but have since legislated to remove it and to give suspect CD and others like him the freedom to come to London in the run-up to the Olympic games?

The Prime Minister: I think that most people across the House realise that the control order regime needed to be reformed, as it did not have public confidence, nor did it have the confidence of many people in the police and security services. We have reformed it, and we have worked with the police and security services. We have put in all the resources that they believe are necessary to make sure that our country is kept safe.

Q6. [91464] **Nigel Adams** (Selby and Ainsty) (Con): Following the renewable energy subsidy review, will the Prime Minister assure taxpayers that the Government will focus their support on technologies that are cost-effective and reliable, such as biomass, rather than inefficient, costly, large-scale onshore wind farms?

The Prime Minister: My hon. Friend will know that the consultation on the renewable obligation banding review has just closed. It proposed targeting only the most cost-effective onshore wind farms, recognising that that is now one of the mature and cheaper technologies. We should, as he says, increase support for an expansion in sustainable biomass generation, which is reliable and cost-effective, and will help us to meet our renewables target.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): On Friday, Holocaust memorial day commemorates the liberation of the concentration and extermination camp at Auschwitz-Birkenau. What can the Prime Minister do to ensure that all of our society understands the depravity of the era of Nazi evil and learns the lessons of it for the present?

The Prime Minister: The hon. Lady, who has a long record of supporting this cause, speaks for the whole House and the whole nation in raising it and stressing its importance. I met representatives of the Holocaust Educational Trust yesterday and I met a holocaust survivor, whose story was truly inspiring about what he had seen and gone through as a young boy—and then his coming to Britain and becoming an Olympic and Commonwealth contender. It was a fantastic story. We need to make sure that these stories are told in all our schools, right across the country. That is the work of the Holocaust Educational Trust, and it is work that I strongly support.

Q7. [91465] **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): Is the Prime Minister aware that for the whole of Lancashire, average household income after tax is a little above £26,000? Yes, my constituents want a fair deal for those who deserve benefits, but they also want a fair deal for those who work and pay for benefits.

The Prime Minister: My hon. Friend speaks for many people. We say that the proposal for a cap on benefits of £26,000 is fair. It allows people to receive £500 a day—*[Interruption]*—a week. His constituents, and many other constituents, ask themselves, "Is it right that my hard-earned taxes, when I am earning less than that, are going to support people on benefits?" I have to say how disappointing it was that, after the Labour party said that it would support a cap—the announcement was made on the BBC—it voted against it in the other place. What a complete act of hypocrisy!

Lisa Nandy (Wigan) (Lab): Following today's media reports, will the Prime Minister explain why ministerial advisers and senior civil servants continued to attend networking events with lobbyists who paid several thousand pounds to attend, despite the fact that the Cabinet Office deemed that to be a breach of the civil service code, and had previously issued a ban on attendance?

The Prime Minister: The point that I would make to the hon. Lady is that, unlike the position under the previous Government, there is now a proper system for declaring the interests of special advisers and Ministers. That used not to be the case: it is now the case.

Q8. [91466] **Paul Maynard** (Blackpool North and Cleveleys) (Con): My right hon. Friend will have noted that the Government's proposed benefits cut excludes war widows, the disabled and those claiming working tax credits. Does he not agree that my constituents on the Lancashire wage to which my hon. Friend the Member for Lancaster and Fleetwood (Eric Ollerenshaw) referred deserve to know that they have a Government who are on the side of families who do the right thing and support their local communities?

The Prime Minister: My hon. Friend speaks very powerfully about this issue, which is why a benefit cap is fair. It is also very important to recognise that we are excluding from that benefit cap those entitled to working tax credit, as well as households with someone receiving disability living allowance. As we have always said, there will be a hardship fund, a grace period and a way of helping those families to cope with the cap, and to make sure, where possible, that we actually get people into work. The real shame is that there are so many millions of children who live in households where nobody works—and indeed, that number doubled under the previous Government.

Q9. [91467] **Lindsay Roy** (Glenrothes) (Lab): The Prime Minister has said that it would be

"a personal betrayal if banks failed to increase lending to businesses".

Yet last week the Bank of England stated that businesses are still not getting the investment that they need from the banks. Have the banks betrayed the Prime Minister, or has the Prime Minister betrayed businesses?

The Prime Minister: What I have done is put in place the Merlin agreement, which actually led to an increase in bank lending last year. What we now have in place is a massive credit easing programme, which the Chancellor announced in the autumn statement, that will kick in this year and make sure that banks are doing what banks ought to do in a free enterprise economy, and lending to businesses large and small.

Bob Stewart (Beckenham) (Con): I am sure there will be families with children who may have difficulties with the new benefit regime. However, would the Prime Minister care to comment on the feelings of elderly couples who have spent their entire lives working for this country, paid into the state pension system, and are now existing on about £7,000 a year, rather than £26,000?

The Prime Minister: My hon. Friend makes a very good point. The fact is that if one looks at the figures today, there are still families in London receiving housing benefit worth more than £50,000 a year. Each one of those families is taking up the hard-earned taxes of many working people earning far less, who could not dream of living in such houses. The point that he makes about pensioners is right, and I am proud of the fact that the Government will be increasing the basic state pension by £5 a week, starting in April, because we believe in dignity and security for our pensioners in old age.

Q10. [91468] **Chris Ruane** (Vale of Clwyd) (Lab): What does the Prime Minister make of the National Audit Office's slating of his flagship Work programme? It says that the Government have totally overestimated the number of people that it will put back to work. It is not so much a Work programme as a "doesn't work" programme.

The Prime Minister: Instead of just reading the press release, the hon. Gentleman should read the NAO report, which praises the Government for introducing a scheme in such a short time. The basic point that the NAO is making is that the Work programme is not putting taxpayers' money at risk but putting the providers at risk, and that is a different way of doing things. It is about payment by results, getting better performance and value for money—things that his Government never provided.

Q11. [91469] **Chris Kelly** (Dudley South) (Con): As my hon. Friends have said earlier, many of my constituents, like theirs, work extremely hard for modest salaries. Given that many people think that the benefit cap should be set lower than £26,000, does my right hon. Friend agree that the Opposition are completely out of touch by voting to make it higher?

The Prime Minister: My hon. Friend makes a good point. Let me remind the Leader of the Opposition what he said at the beginning of this year. On the "Today" programme, he said:

"I'm not against the cap."

If he is not against the cap, why could he not get his Labour peers to vote for the cap in the House of Lords? What is he—weak, incompetent, or both?

Q12. [91471] **Mrs Anne McGuire** (Stirling) (Lab): On 14 December I asked the Prime Minister about cutting benefits for disabled children, and he replied:

"First of all, we are not cutting benefits for disabled children."—[*Official Report*, 14 December 2011; Vol. 537, c. 793.]

I wonder whether since that time he has checked his facts and discovered that on 12 December, two days before I asked my question, his coalition Members in the Lords voted against the protection of benefits for

disabled children under the new universal credit, resulting in a loss of £1,300. I will give the Prime Minister another go. How does this fit in with "We're all in this together"?

The Prime Minister: The right hon. Lady is wrong. The money going into universal credit for the most disabled children is not being cut. She is just plain wrong about that. But is it not interesting that all the questions that we get from all Opposition Members are always about calling for more spending? They have learned absolutely nothing about the mess they landed this country in.

Malcolm Bruce (Gordon) (LD): British Airways has announced that it has reached an agreement to take over British Midland International. Although this is being challenged under competition rules, what assurances can the Prime Minister give that the landing slots at Heathrow from regional airports such as Aberdeen will be protected if it is allowed to go ahead?

The Prime Minister: The right hon. Gentleman makes an important point, and I am sure that it is important to his constituents as well. I will look into the issue of landing slots—I know how important it is for regional airports—and get back to him.

Q13. [91472] **Mark Hendrick** (Preston) (Lab/Co-op): Why does the Prime Minister want NHS hospitals to hand over up to half their beds to private patients?

The Prime Minister: That is not what the reforms do at all. The reforms ensure that there can be some private and voluntary sector activity going on within the NHS. Before they all—*[Interruption.]* Perhaps the Leader of the Opposition should quieten down for a second and listen to what his own shadow Health Secretary said. He said:

"the private sector puts its capacity into the NHS for the benefit of NHS patients, which I think most people in this country would celebrate"—[*Official Report*, 15 May 2007; Vol. 460, c. 250WH.]

Again, that is what he said in government, but since going into opposition Labour Members have taken up a position of just supporting the producer interest, total irresponsibility and total short-termism. I stand by what you said in 2007; it is a pity you could not stick by it.

Mr Speaker: Of course, it is not my obligation to stick by any of these matters.

Priti Patel (Witham) (Con): The Prime Minister will be aware of the brutal murder last year in Germany of my constituent, Lee Heath. The murder trial is set to start in March and will last for a good couple of months. Will the Prime Minister ensure that the Government do everything possible to support Lee's mother, Marie Heath, in dealing with the ever increasing financial costs that she faces in seeking justice for her son?

The Prime Minister: My hon. Friend is absolutely right to raise this case. First, may I offer my sincere condolences to Marie Heath and her family following the tragic death of her son Lee last year? I know what a distressing time this will be for them as they travel for the trial in Germany. The Foreign Office will do everything it can to support Marie and her family. I have to say that I have been quite impressed by what the Foreign Office does in cases like this. I think that it shows sympathy and understanding, and I will make sure that that is carried through in this case as well.

Q14. [91473] **Graham Stringer** (Blackley and Broughton) (Lab): Twenty-five per cent. of our constituents suffer from musculoskeletal diseases. The National Audit Office and the Public Accounts Committee believe that we could get better outcomes for those people at lower cost if a clinical director was appointed to co-ordinate things in the NHS. Will the Prime Minister agree to meet charities representing those people, with me, in the near future?

The Prime Minister: I will certainly look carefully at the case that the hon. Gentleman makes. One of the points of the NHS reforms that is perhaps not yet fully understood is the idea of having public health budgets properly ring-fenced, properly funded and with properly employed directors of public health in each area, which will help in many of these areas.

Chris Skidmore (Kingswood) (Con): My constituents in Kingswood entirely agree with the Government's proposed benefits cap. They believe that no one should earn more in benefits than hard-working families earn. Does the Prime Minister not agree that it is a damned disgrace—[Hon. Members: "Oh!"]—that the Labour party is opposing and trying to wreck this important measure?

Mr Speaker: Order. Moderation in the use of parliamentary language—and, indeed, the use of parliamentary language—is much to be preferred.

The Prime Minister: My hon. Friend makes a very important point. This is an important decision that the House of Commons has to make. We were told that the Labour party would support a cap on benefits—Labour Members have said that repeatedly—yet when the challenge comes they duck it and refuse to support the cap. *[Interruption.]* They will have another chance when the legislation comes back to this House—*[Interruption.]* It is no good the Leader of the Opposition shaking his head. His own peers voted against the cap in the Lords. People in this country will not understand why they are taking that position.

Points of Order

12.34 pm

Natascha Engel (North East Derbyshire) (Lab): On a point of order, Mr Speaker. The Backbench Business Committee, at its meeting yesterday, decided to amend tomorrow's business slightly to include a pre-EU Council topical debate at the beginning of its proceedings. Unfortunately, this means that we have had to postpone the presentation of a report by the Chair of the Public Administration Committee.

Mr Speaker, could you give me some advice? Given that the Backbench Business Committee is unable to make an emergency business statement to inform the House of this change of business at such short notice, how do I best go about doing so?

Mr Speaker: As I would have expected, the hon. Lady has provided her own salvation. The information is on the record and the House is grateful to the Chair of the Backbench Business Committee.

Caroline Flint (Don Valley) (Lab): On a point of order, Mr Speaker. This morning the Government lost their appeal against a High Court ruling that the cuts to solar tariff payments are legally flawed. The Government have spent at least £66,000, cost social housing providers perhaps at least £1 million and created even more uncertainty, putting thousands of jobs at risk. Have you have received any indication at all from Ministers at the Department of Energy and Climate Change that they intend to come to the House and make a statement, explaining how they plan to clear up the mess that they have created?

Mr Speaker: The short answer is that I have received no such indication or communication from a DECC Minister, but I just have a sense—I do not know why; perhaps it is my nearly 15 years in the House and the fact that the right hon. Lady and I came into the House together—that she will pursue the matter at DECC questions tomorrow, probably like a terrier.

Mr Bernard Jenkin (Harwich and North Essex) (Con): On a separate point of order, Mr Speaker, but one that is related to the role of my right hon. Friend the Leader of the House. I am sure that my right hon. Friend would want to fulfil his function as Leader of the whole House, and not just to be a spokesman for the Government about Government business. Would you, Mr Speaker, have a word with my right hon. Friend to explore how a hiatus such as this might be avoided in future, so that the Leader of the House might carry out his function as Leader of the whole House?

Mr Speaker: Well, it is not for the Chair to intervene in this matter, and certainly not to pronounce on it now. The hon. Gentleman has put the ball into play, and I rather imagine that it will be returned, probably before long. Whether it is returned with interest, topspin or slice, I do not know, but I imagine that the ball will be returned.

I have regular and very constructive and convivial discussions both with the Leader of the House and—*[Interruption]*—no, not with alcohol—with the shadow Leader of the House, and I intend that those discussions will continue. I bear in mind the point that the hon. Gentleman has made.

John Woodcock (Barrow and Furness) (Lab/Co-op): On a point of order, Mr Speaker. Is it in order for the House to read the detailed contents of an important statement on charging heavy goods vehicles, including a direct quotation from the Under-Secretary of State for Transport, the hon. Member for Hemel Hempstead (Mike Penning), in selected newspapers before the statement is laid before the House? Do you, Mr Speaker, think that that tactic might have something to do with the fact that the statement itself shows that the Government are breaking the coalition agreement by proposing to increase charges on more than 28,000 British lorry drivers, a fact that was strangely absent from the briefing to the newspapers? What can be done about that?

Mr Speaker: It is, of course, perfectly in order for a written ministerial statement to be laid, and I gather that such a statement has been laid today. That is, of itself, a legitimate vehicle for informing the House of ministerial decisions and other matters. However, and this is a very important caveat, the contents of such statements should not be released—I emphasise, should not be released—under any circumstances that I can imagine to the media before being made available to Members.

I should just underline the very basic doctrine of ministerial responsibility to Parliament, because I know that it is sometimes said in such circumstances by a Minister that "the Minister did not do any such thing." Ministers, I know, will accept that they are responsible for everything that is done in their Departments by officials and by special advisers. That is the situation, and this should not happen.

Statements of Taxation

Motion for leave to bring in a Bill (Standing Order No. 23)

12.39 pm

Ben Gummer (Ipswich) (Con): I beg to move,

That leave be given to bring in a Bill to require the Chancellor of the Exchequer to issue annually to each payer of Income Tax and National Insurance a statement detailing the payments made in the most recent tax year, the estimated payments to be made in the following tax year and a breakdown of the areas of government spending on which the payments are to be spent; and for connected purposes.

What I propose is very simple: the Government should tell us how much we pay in tax and where it goes. They should do so as close as possible to the Chancellor's Budget statement and at the end of the tax year. Her Majesty's Revenue and Customs should provide to each person who pays income tax and national insurance a statement to that effect.

The statement would provide two sets of information. First, it would give an account of the direct taxes—income tax and national insurance—paid by the person in the tax year just gone, and an estimate of what will be taken from that taxpayer in the year ahead. In that way, each taxpayer may see how the Chancellor's Budget and any previous financial statements have affected their net income. The second set of information provided by the statement would be a detailed description of how the person's tax is spent in simple cash terms in pounds and pence.

If we take as an example somebody on average earnings of about £26,000 a year, the tax statement would explain that their total direct taxes come to about £6,000, of which a little over £2,000 goes on benefits and pensions, £1,000 on the NHS, about £830 on education and so on. Even in the space of one piece of paper, it is possible to give quite a precise level of detail to the taxpayer. In this instance, it would show that £69 goes on railways and £17 on immigration and border control.

I propose that the tax statements should carry two additional pieces of information. First, each person's share of the national debt should be itemised, as should their share of any deficit or surplus in the tax year. With that, there would be an item for debt interest, which for our average earner would be £404 for last year. Secondly, a list of taxes not included on the statement should be given, such as value added tax, tobacco duties, council tax and capital gains tax. I propose that the Government provide a web-based ready reckoner that allows people to calculate an estimate of their contribution through such indirect taxes. Taken with their tax statement, that would furnish each taxpayer with a good account of how much money they surrender to Her Majesty's Treasury and what Ministers do with that money on their behalf.

The operation of the new tax system would be straightforward. Almost all end-of-year tax information, whether in the form of P60s or tax returns, is now provided online. HMRC therefore already possesses the individual tax contributions for almost all taxpayers. I propose that the general ratio by which each individual figure is broken down be determined by the Office for Budget Responsibility, in collaboration with the Office for National Statistics. Both organisations should be charged with the independent task of generating the analysis on which each tax statement is based. Again, that need not be complicated. The data are already published by Government and I propose that local authorities should be required to submit to the OBR their annual budgets, so that it can make forecasts of total public spending on services with the same level of detail as it can with out-turn figures for the year past.

The generation and presentation of the tax statement would be no more complicated than for the individualised direct mail campaigns waged by our high street and supermarket stores. Private quotations supplied to me suggest a cost of about 25p per taxpayer should the statement be printed and posted. That would translate to a total cost of about £7.5 million. That figure could and should be substantially reduced by combining the tax statements with one of the many other letters that taxpayers receive from HMRC. I see no reason why the whole enterprise should not be sponsored and why advertising space should not be provided on the envelope to offset the cost. On the format of the tax statement, it is of paramount importance that it is written in clear, neutral and uncomplicated language so that it is comprehensible to all.

It is a measure of how confounded our democracy has become that this simple, easy and cheap idea may be seen as in any way radical. We would not for a moment think of paying a bill in a supermarket or of setting up a mobile phone direct debit if we did not receive an itemised receipt in exchange. Yet for tax, the largest outgoing for most people, we get nothing—no total account of how much we have paid and no detail of where it has gone.

The Government's hard work to simplify the tax code and their plans for tax transparency are to be welcomed. We should be aware, however, of how far other countries have proceeded. In France, it has long been established that the Finance Minister writes to taxpayers to tell them the total figures on how their taxes are spent. The state of Iowa, in its Taxpayer Transparency Act, mandates the Government to permit taxpayers to receive an online receipt for their state contributions. In April last year, the Obama White House introduced a federal tax receipt, again online, which allows taxpayers to type in their various Medicare, federal income tax and social security contributions and to receive a personal receipt similar to that outlined in my Bill.

While I recognise the value of online calculators, there can be no substitute for something that lands on the doormat at the same time across the country and corresponds with our entire tax paid. It would, in a way, be a national water cooler moment. That we do not have that at the moment, and that we even find the concept surprising, tells us all we need to know about the growing distance that separates Government and people. We must be honest with ourselves. As Government spending has grown ever larger and more complicated, and when the balance of tax and borrowed pounds has moved from defence to the myriad arms of the welfare state, Government expenditure has become ever more opaque.

That has suited the political ends of many who have sat in this Chamber. Without intending it to be so, the political classes have perpetuated a subtle collective fraud on the people who pay the Government's bills. We have taken taxpayers' money and distributed it with no

explanation of what that means to each individual taxpayer. We have talked in millions and billions, and now trillions—a language comprehensible only to economists and Treasury mandarins which very few taxpayers and, to be frank, very few of us can relate to, let alone understand. As a result, we have forced people to question not how their tax is actually spent but how they believe it has been spent. How many times have each of us been told on the doorstep that all our money goes to Europe, or Africa, or Trident? Armed with a tax statement, taxpayers would have a precise and accurate understanding of how their tax pounds are really spent.

By transparency we will achieve accountability. Let us imagine how voters could more easily engage in the important debates that we are having in this and in another place on welfare reform, on pensions and on reducing the deficit if they knew about the relative distribution of their taxes, and in a tangible form. Knowing that he pays something like £800, and rising, towards pensions, our average earner would have a firmer grasp of the arguments made in this place about how pension reform is so badly needed. This one piece of paper could make Parliament more responsive to voters' demands while helping the Government better to explain the spending decisions they have chosen to make. Such an improvement in accountability could only strengthen our democracy because it would decrease the distance between taxpayers and their representatives, making real the results of a vote cast in a ballot box.

I therefore further suggest that the Office for Budget Responsibility be required to assess the major parties' manifestos at election time, at the request of those parties, in order that it may produce dummy tax statements so that voters can see the difference that their vote might make. A similar role is performed by the Congressional Budget Office in the United States, and there is no reason why it cannot be so here. In so doing, we may throw a little light on what is, for most people, the most confusing and murky period in the electoral cycle.

My Bill makes the simple proposition that we should be told how our money is spent. It would cost very little but would have a radical effect on our democracy. It would help voters to hold us—their representatives—to account and, in so doing, would go some way towards repairing our fissured democracy at a time when we representatives of the people must make increasingly difficult decisions on the people's behalf.

12.49 pm

Chris Bryant (Rhondda) (Lab) *rose—[Interruption.]*

Mr Speaker: Order. I want to hear what the hon. Gentleman has to say.

Sir Bob Russell (Colchester) (LD): We heard it all last week.

Mr Speaker: Yes, but I want to hear the hon. Gentleman, Sir Bob.

Chris Bryant: Thank you very much, Mr Speaker.

I rise to oppose the Bill proposed by the hon. Member for Ipswich (Ben Gummer). He is a very charming Member of the House who has obviously made quite an impact since he arrived—although not quite so charming as to win last week's debate in the Cambridge Union on whether the Tories have been unfairly demonised.

None the less, I say to the hon. Gentleman that there are far more important things that we should change about how expenditure is revealed to taxpayers, not least because we in this House do an extremely bad job of analysing expenditure. The Budget that we have every year is not really a budget, it is just a statement of changes to taxation. It is not a proper process whereby we start from scratch and examine every single piece of expenditure, which is what happens in every local authority in the land and in the United States of America, where there is a thorough budget process. I do not believe that there has been a vote on expenditure in this House since something like 1918. All that we do is work on the estimates, and nobody ever makes a close analysis of expenditure.

Although I am sympathetic to some of what the hon. Gentleman says about how we should explain things better to taxpayers, I believe that there are better ways to ensure that the expenditure that the House grants on behalf of the Crown is better explained to them.

My real complaint about the hon. Gentleman's motion —it is the motion that we are debating today, not the Bill—is that it requests that

"leave be given to bring in a Bill".

There are still 93 Bills on the Order Paper to be debated before Prorogation, and not a single one of those is scheduled for a day when the House will be sitting. Nor will his Bill be.

I simply say to hon. Members that there is a hypocrisy about how we do our legislating here. I am not saying that any individual Member is a hypocrite, simply that there is a hypocrisy about our pretending that we are actually advancing legislation. If Members want to wave the motion through, that is fine, but they need to be absolutely clear about the fact that if they had any real honesty in what they were doing, they would be calling on the Leader of the House to provide extra time to debate such Bills. Otherwise, this is nothing more than a political puff and a press release for the *Daily Mail*.

Kevin Brennan (Cardiff West) (Lab): On a point of order, Mr Speaker.

Mr Speaker: Order. I am going to put the Question first.

Kevin Brennan: It is on this matter.

Mr Speaker: Very well, I will take the hon. Gentleman's point of order.

Kevin Brennan: Will you clarify for the House, Mr Speaker, what the position is with regard to voice and vote on ten-minute rule Bills?

Mr Speaker: The position is not materially different from the position that applies across the piece, which is that the working assumption is that the vote will follow the voice. I also emphasise to the hon. Gentleman that whether people choose to divide the House is a different matter from what they say by way of expressing opinion.

[Mr Speaker]

There is no inconsistency there. I hope that that is agreeable to him. I did seek to explain this to the House last week, but I am happy to do so again. If he is still in interrogative mode he will no doubt come back to me, and I will very happily deal with the matter, but at this point I want to put the Question.

Question put and agreed to.

Ordered,

That Ben Gummer, Nicholas Soames, Mr Richard Shepherd, Mr Graham Brady, Justin Tomlinson, Mr Robert Buckland, Karen Bradley, Mr Andrew Tyrie, Steve Baker, Margot James, Tracey Crouch and Kwasi Kwarteng present the Bill.

Ben Gummer accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 30 March, and to be printed (Bill 277).

EU Criminal Policy

Kelvin Hopkins (Luton North) (Lab): On a point of order, Mr Speaker. This is a very simple point of order on the documentation for this debate. Page 2 refers to the Chairman of the European Select Committee. There is no such Committee; it is the European Scrutiny Committee. I think it is an important distinction.

Mr Speaker: It is an important distinction, and I am grateful to the hon. Gentleman for drawing it. I suspect that the hon. Member for Stone (Mr Cash), who chairs the Committee, will be even more grateful to him.

12.55 pm

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): I beg to move,

That this House takes note of European Union Document No. 14613/11, relating to a Commission Communication, Towards an EU Criminal Policy: Ensuring the effective implementation of EU policies through criminal law; agrees that the primary focus of EU criminal law should be tackling serious crime with a cross-border dimension; and further agrees that the general principles of subsidiarity, proportionality and necessity based on clear evidence must be respected when deciding whether to propose criminal sanctions to ensure the effective enforcement of EU policies.

I am glad of the opportunity to restate that the Government agree with the European Scrutiny Committee that the focus of European Union criminal law should be combating the most serious cross-border crimes. We also agree that in determining whether criminal law is required across the member states, it is critical that the general principles of subsidiarity, proportionality and necessity are respected.

The consequence of the Lisbon treaty coming into effect on 1 December 2009 is that the use of criminal law provisions is likely to increase, as they will be used to support the implementation of European Union policy in areas in which they have not been used before. However, the limits to that are not set in the communication that we are discussing, which is non-binding. Rather, they have a legal basis in the treaty, namely article 83. Paragraph 2 of that article limits the EU's power, because it sets out that member states cannot be required to criminalise breaches of EU law unless the strict conditions in article 83 are met, and the United Kingdom opt-in will always apply. We have recently seen the first such proposal, on criminal sanctions for insider dealing and market manipulation.

Keith Vaz (Leicester East) (Lab): The fact that we now have a specific example of where there can be co-operation means that we can extend it to other areas such as human trafficking. Does the Minister agree that in the case of specific crimes that cross borders and on which there is agreement, such as human trafficking and terrorism, we need to co-operate better with our European partners?

Mr Blunt: I am grateful to the Chairman of the Home Affairs Committee, and of course the answer is yes. Our position on human trafficking and child sex crimes has been to have opt-in, so I can confirm his point.

It appears that in anticipation of the developments under the Lisbon treaty that I have described, the European Commission is seeking to develop some principles to be taken into consideration when the criminal law is

used. The Government's position is that we will approach legislative proposals on justice and home affairs on a case-by-case basis, with a view to maximising the country's security and protecting civil liberties and the integrity of the criminal justice system. There is nothing in the document that we are debating, which is only a communication, that changes or challenges that fundamental position.

As the House may recall, some time before the Commission communication, in 2009, the European Council agreed conclusions on model provisions to guide its criminal law deliberations. The conclusions were adopted to prevent incoherent and inconsistent criminal provisions in EU legislation, and in anticipation of the changes that the Lisbon treaty would bring.

A number of the Council's conclusions relating to the assessment of need for criminal law are satisfactorily reflected in the Commission's communication, most notably the principle that the criminal law be used as a last resort. The adoption of legislation in accordance with the principles of subsidiarity and proportionality is referenced, as is the need to establish necessity.

There are some things that we welcome in the detail of the communication. For example, it acknowledges the UK's opt-in rights and clearly states that the diversity of member states' criminal law must be respected. The use of criminal law only when it is a necessary and proportionate response to combating particular conduct is an approach that we apply in our domestic criminal legislation. We are therefore glad that the Commission's and the Council's statements reflect those principles.

However, there are potential concerns. The Government believe that it is essential that the Commission propose only European criminal legislation that is necessary and proportionate. Ineffective implementation of a European Union policy should not, in itself, trigger consideration of the use of criminal law.

Mr William Cash (Stone) (Con): Bearing in mind that much of what we are considering will be governed in due course by qualified majority vote, any insistence in this House will be subject to the vagaries of that system.

Mr Blunt: Of course, what we are considering is guided by the opt-in principles in the Lisbon treaty under the relevant protocol. The emergency brake, as a final reserve position, then underwrites everything. For example, if we opted in to something at the beginning of negotiations, found ourselves outvoted by a qualified majority vote and the Government then came to a view that what had emerged was unacceptable, the emergency brake would remain available to us to prevent that criminal legislation from applying to us.

Charlie Elphicke (Dover) (Con): To make it absolutely clear, will the Minister confirm that the EU criminal policy outlined in the document would not apply to the UK in any way, shape or form unless or until the UK chose to opt in?

Mr Blunt: Yes, I am happy to reassure my hon. Friend that that is the position.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Does the Minister recognise, when considering an opt-in or when seeking to establish whether there is genuine necessity, the importance of engaging with the relevant Select Committee at an early stage? The Select Committees, with their specialist knowledge of subjects such as agriculture and fisheries or home affairs, have an opportunity of ascertaining whether necessity has been established.

Mr Blunt: As a Justice Minister, I would be extremely unwise not to acknowledge the merits and wisdom of the recommendation of the Chairman of the Justice Committee. My right hon. Friend makes the proper point that there is an expertise in the Select Committees that should be engaged, if possible. Much of the process sits with the European Scrutiny Committee, and we are today making recommendations that the House should consider matters. I shall, of course, leave the detail of process, and the way in which the House should do that, to my right hon. Friend the Leader of the House. However, I hear what my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith) says, and I acknowledge the force of his point.

Dr William McCrea (South Antrim) (DUP): The explanatory memorandum on the European Union document acknowledges that responsibility for criminal law matters in Scotland and Northern Ireland rests with the respective Scottish Government and Northern Ireland Ministers. It then states:

"This EM has been cleared by officials in the Scottish Government and Northern Ireland."

Will the Minister assure me that the Minister in Northern Ireland has been consulted on the matter and that he has had sight of the document before our discussions here?

Mr Blunt: I hope that I can return later to the hon. Gentleman's intervention and give him a full answer.

As I said, there are some potential concerns about the detail of the principles. Ineffective implementation of a European Union policy should not in itself trigger consideration of the use of criminal law. We also agree with the European Scrutiny Committee that it is primarily for member states and their Governments to ensure that citizens can have confidence that they live in a Europe of freedom, security and justice. The European Union's primary role should be driven by stopping serious cross-border crime.

The Government welcome the further caveats that the European Scrutiny Committee considers should be placed on the communication. The first relates to the European Union not seeking to harmonise extra-territorial provisions across member states. The Government believe that requiring member states to take extra-territorial jurisdiction must be considered on a case-by-case basis, having particular regard to the conduct to be tackled and its impact. We have accepted that it is appropriate to require member states to be able to prosecute their nationals who commit certain child sex crimes or human trafficking offences anywhere in the world. However, we have not accepted European Union rules on extra-territorial jurisdiction based on the nationality of the victim of crime.

The Government also agree with the Committee that we should be cautious about European Union criminal law that seeks to define aggravating and mitigating circumstances. We accepted some aggravating factors in

[Mr Blunt]

the context of child sex offences or human trafficking. We consider those factors to form part of the agreed minimum sanctions, and, therefore, to be permissible.

The Government are unaware of the previous use of the term "Euro-crimes", or, indeed, its origin. It is wholly misleading. I want to state clearly that no one will ever be prosecuted under a so-called Euro-crime. The European Union can set only the minimum elements of an offence. Each will have to be implemented in the domestic law of the member states. Hon. Members will understand why the Government view the term as singularly unhelpful. For European officials to use a shorthand internally to refer to crimes about which member states have agreed to establish minimum standards is one thing. For that term to find its way into official documents is another example of jargon that allows misrepresentation and misunderstanding.

Charlie Elphicke: I am listening carefully to the Minister. I am slightly puzzled. It seems as though there will be some minimum EU standard for, for example, illicit drug trafficking. However, do not we already have criminal laws in this country that apply to such matters? What would a European dimension add?

Mr Blunt: My hon. Friend is correct. However, when it is decided that the principles that we are considering merit the European Union's taking action—as we have done with child sex offences and human trafficking—we will want to take the opportunity to opt in to EU legislation. That is why we will continue to make the judgment case by case. If it were decided, in the case to which my hon. Friend referred, that there was merit in acting at European Union level, we would doubtless do so. Of course, there could be cases where we felt that our standards were adequate but that our interests were being damaged in other parts of the European Union because drug trafficking was happening that affected our interests, and was not being properly policed. There are therefore circumstances, particularly with cross-border offences, in which there is merit in considering the matter.

The European Scrutiny Committee also asked for the Government's view of the third sentence of the communication, which states that a

> "EU Criminal Policy should have as an overall goal to foster citizens' confidence in the fact that they live in a Europe of freedom, security and justice."

The Committee took exception to that as being implausible and unwarranted because the European Union's role is "helping" member states to stop crime. We agree and note that article 84 makes it clear that the European Union has only a supporting role in crime prevention. It cannot harmonise member states' laws, except to the very limited extent in articles 82 and 83, which permit setting only minimum standards.

Our aim is to try to ensure that, when the European Union legislates on criminal law, there is convincing evidence that the offending activity constitutes serious and cross-border crime, and that there is consensus that the nature or impact requires common action. I therefore conclude by reiterating our view that it is essential that European Union criminal legislation is proposed only when necessary and proportionate.

It only remains for me to reply to the intervention of the hon. Member for South Antrim (Dr McCrea). Of course, the views of the devolved Administrations are taken into account in opt-in decisions that the United Kingdom then makes.

1.9 pm

Mr Andy Slaughter (Hammersmith) (Lab): It is a pleasure if not a luxury to have so much time on the Floor of the House to discuss a communication from the Commission to the European Parliament. It appears to have pride of place in Government business for the House this week.

Mr Speaker: Order. I very gently point out to the hon. Gentleman that no fewer than seven Back Benchers wish to speak in the debate. I feel certain that he will tailor his contribution accordingly.

Mr Slaughter: I started at a leisurely pace, Mr Speaker, and perhaps you anticipated that I would continue at such, but I take the hint. We have only an hour and a half, but I will not take that much time.

EU criminal policy is a significant topic and in other circumstances it could provoke lively and controversial debate, but I suspect it will not do so today for a variety of reasons. First, the document is only a communication—it opens the door to communication rather than decides its outcome. As the Minister has said, it is non-binding. Secondly, there are rightly so many caveats, conditionalities and reservations in the UK position on EU criminal policy that any controversial proposal could be effectively filtered at one stage or another.

The European Scrutiny Committee concedes that in supporting the Government's cautious approach, and in appearing to take principal exception to the language of the document. I do not want to be drawn into a discussion of the linguistic inelegance of "Euro crimes" or whether the EU should have the temerity to express its wish to foster freedom, security and justice. Those are peripheral issues.

The third reason why I believe this is an uncontroversial proposal is that there has been—even on the Lisbon treaty and the criminal justice decisions flowing from it—broad consensus between the parties. That remains, and the Opposition do not intend to press the motion to a Division.

On the substance of the Commission document, we are pleased to note the emphasis that the Commission places on respecting the general principles of subsidiarity, necessity and proportionality in its memorandum. Those should be at the forefront of the Commission's mind in deciding whether to propose criminal sanctions to ensure effective implementation of EU proposals. That was the intention of the Lisbon treaty and the exemptions that the previous Government negotiated.

The previous Government were clear at the time of the Lisbon treaty that EU co-operation on criminal justice and policing should not affect fundamental aspects of our criminal justice system. The extended opt-in arrangements that we secured at the time mean that we have complete choice on whether to participate in any justice and home affairs measure.

As each proposal for new EU JHA legislation comes forward, we urge the Minister to consider carefully whether it is in British interests to participate. From the

"Report to Parliament on the Application Of Protocols 19 and 21", which was released this week, we see that the Government have operated in exactly the way we envisaged when negotiating the opt-in. The document makes it clear that:

"Over the past year, the Government has taken 17 decisions on UK participation in EU JHA legislative proposals. In total the UK has opted in to nine proposals...including one decision to opt in to a measure post adoption...The Government...decided to not opt in to eight proposals."

The Opposition do not always agree on individual proposals—we did not agree with the Government's decision on the right to a criminal lawyer—but we agree on and indeed instigated that opt-in process.

In any event, and as the Minister has acknowledged, there is a recognition by the Commission that EU intervention in criminal justice is a sensitive matter, hence the emergency brake, the two-step approach and the fact that additional "Euro-crimes"—if I may use the shorthand—will be added only by unanimous decision. It is clear that that is a matter of last resort.

There is broad agreement on areas on which it is important to act on a European level. The Opposition support co-ordinated action to tackle organised crime and terrorism, and to provide greater protection for children and ensure the security of our borders. Such co-operation continues to be driven by the challenges we face today. Tackling crime, countering terrorism and securing our borders are not issues of mere domestic concern; they have an international dimension. We need to work with our allies in the EU to ensure that we achieve our objectives.

As the European Commission states in the document:

"In view of the cross-border dimension of many crimes, the adoption of EU criminal law measures can help ensure that criminals can neither hide behind borders nor abuse differences between national legal systems for criminal purposes."

There are more contentious matters than this one, such as the European arrest warrant, which the House debated relatively recently. The Opposition hope that the incremental approach continues. A clear example of that—on insider trading, insider dealing and market abuse—is given in the bundle. The Government, in commissioning a report to look into that matter, are taking a sensible line. That is a good example of a matter on which legislation might assist the Government and the country, because we have taken steps when other European countries have not done so.

On that basis, I shall bring my remarks to a close to allow other Members to take part in the debate. I welcome the opportunity to debate these matters, but there is little controversy on the principle, even if controversy on individual decisions to opt in remains.

1.16 pm

Mr William Cash (Stone) (Con): We have just heard a breathtaking example of complacency from the Government—sorry, I mean the Opposition. I say that because, unfortunately, the manner in which this issue is being approached, and the reason why the European Scrutiny Committee thought this matter should be debated, is very simple. We have heard reservations expressed so far by the Minister and shadow Minister, but they do not take express account of the fact that once a communication has got going—particularly a communication under the aegis of the Lisbon treaty—we effectively open the door to considerable, radical proposals for the expansion of European criminal law.

I am glad the Minister made the comments he made and I endorse all of them. I am also glad he agrees with the Committee on a wide range of matters, particularly the nomenclature and the phrase "Euro-crimes". However, this is a substantial issue. The document that was presented to us by the Commission concludes that

"the new legal framework introduced by the Lisbon treaty ... considerably enhances the possibility to progress with the development of a coherent EU Criminal Policy which is based on considerations both of effective enforcement and"—

it claims—

"a solid protection of fundamental rights. This communication represents a first step in the Commission's efforts to put in place a coherent and consistent EU Criminal Policy by setting out how the EU should use criminal law to ensure the effective implementation of EU policies."

It could be no clearer than that. That is the intention, and believe me, it is the direction and the line of route.

Other hon. Members will no doubt deal with other matters arising from that, but as Chairman of the European Scrutiny Committee, I want to explain why we insisted that this matter should be debated. The Committee recommended the document for one simple reason: the communication outlines how a supranational organisation intends to pass criminal legislation that will have a direct impact on our citizens. This is indeed a sensitive area, as the enactment of criminal law is traditionally the domain of sovereign legislatures.

In the conclusion to our report, we noted the emphasis in the communication that the Commission places on respecting the general principles of subsidiarity, necessity based on clear evidence, proportionality, including the principle of ultima ratio—in other words, criminal law as a means of last resort—and the legal traditions of the EU member states when deciding whether to propose criminal sanctions to ensure the effective implementation of EU proposals. Those words are welcome, but we wait to see whether they are respected. Evidence to the contrary is abundant in relation to matters of this kind. That is because the manner in which it is proposed to move down the route of criminal law—albeit under the Lisbon treaty, which my party opposed tooth and nail during its enactment—relies heavily on the fact that there is a desire among many people in the European Union to have one country, which, by its very nature, means they would prefer to have one European criminal law policy. There is therefore a direct contradiction between the manner in which the proposals are being made and the words used. We argue that we should wait to see whether the suggestions that lie behind the Commission's statements are respected.

We are gratified by the Government's reaffirmation that any EU action in the field of criminal law will have to be justified on the basis of robust evidence, as well as demonstrating why lesser administrative penalties are not appropriate. The Committee intends to hold the establishment to strict account on that question. We also support the Government's cautious approach to the Commission's communication, but we add further caveats of our own. The European Union should not seek to harmonise the traditional rules on extraterritorial criminal jurisdiction in member states. The UK does not assert extraterritorial jurisdiction over those who are "habitually resident"—an expression that has found

[Mr William Cash]

its way into EU criminal legislation—in this country. The EU should also refrain from defining "mitigating and aggravating circumstances" for the commission of crimes, which is best left to the discretion of the sentencing judge. Furthermore, the expression "Euro-crimes", which is used in the communication for the 10 offences listed under article 83.1 of the treaty, is inappropriate and misleading. We ask the Government to do their utmost—in fact, we would go so far as to insist that they do this—to ensure that the term does not enter the EU's lexicon. Indeed, I was extremely glad to hear what the Minister had to say about that.

The other point is that although there is the question of opt-ins and whether we are to accept the provisions, we have seen a torrent of opt-ins over the last few months, since this coalition Government came to power, and a significant number of Members of Parliament are deeply concerned about the tendency in that direction. Furthermore, in addition to the opt-ins, there is the emergency brake. We understand all that, but we have to have regard to that tendency, because of what can happen once the door is opened on that scale. In the light of what I said about what is in the mind of the Commission and others in the European Union, and about the tendency to move towards a policy of further integration, which would include criminal law, we should be not merely cautious, but extremely resistant towards any attempt to move further down that route.

Sir Alan Beith: When I was chairing the Justice Committee, I do not remember ever meeting anybody, in any justice committee in any member state, who believed that we should be working towards a single, harmonised criminal law that would replace the criminal law of member states across Europe. Is the hon. Gentleman not conjuring up a spectre?

Mr Cash: Certainly not. I am not conjuring up a spectre; I am talking about a tendency. In almost every area, the original proposals—from Maastricht, through to Nice, Amsterdam and Lisbon—have adopted a minimalist approach at the beginning, but then expanded, moving further and deeper into the areas of competence that have been acquired. I am not going to dispute what the right hon. Gentleman says about what he has heard; I am merely referring to what I have observed, which is also understood by many others, including the Government.

Jacob Rees-Mogg (North East Somerset) (Con): The ambition of the European Commission is set out on page 18 of the documents. Its ambition is not a limited extension of criminal policy; it is to have

"an important tool to better fight crime"—

that is, any crime. It is not limited.

Mr Cash: I entirely agree. Furthermore, article 83.1 sets out the following areas of crime:

"terrorism, trafficking in human beings and sexual exploitation of women and children, illicit drug trafficking, illicit arms trafficking, money laundering, corruption, counterfeiting of means of payment, computer crime and organised crime."

It continues:

"On the basis of developments in crime"—

the broader remit under which such an extension is proposed—

"the Council may adopt a decision identifying other areas of crime that meet the criteria specified in this paragraph."

Although article 83.1 says that the Council

"shall act unanimously after obtaining the consent of the European Parliament,"

we are talking about a process of opening up and extending those areas of domestic control over criminal jurisdiction that are likely to be transferred to the European domain.

On a final note—and to reply to the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), the Chairman of the Liaison Committee—the Committee noted that the third sentence of the communication states:

"An EU Criminal Policy should have an overall goal to foster citizens' confidence in the fact that they live in a Europe of freedom, security and justice".

I ask the Minister to say whether he agrees with that statement. For our part, we in the Committee think it an example of dangerously ideological thinking. We are concerned that such thinking may inform future proposals from the Commission. Citizens look to their Governments to provide freedom, security and justice in their own states. To expect freedom, security and justice to flow in 27 European states under the auspices of supranational institutions may sound laudable, but in reality it is both implausible and unwarranted. We think that the Commission would have done itself a service by cutting out such a statement from a policy paper of such importance and limiting its ambitions to more practical objectives.

1.27 pm

Keith Vaz (Leicester East) (Lab): It is a pleasure to follow the hon. Member for Stone (Mr Cash). He and the other members of his Committee are quite right to have brought this matter before the House. Although I start from a different position on the European Union from him, I think it is vital that the House has every opportunity to discuss issues concerning Europe. I commend him on working hard to ensure that on Thursday afternoon there will be a debate before the European Council meets.

I thought that the hon. Gentleman was a little harsh on my hon. Friend the Member for Hammersmith (Mr Slaughter) when he accused him of being complacent. I have known my hon. Friend since he was 11-years-old —we were at school together. There are many ways to describe him, but "complacent" is not one of them. However, if I may digress for just one second, Mr Speaker, I used to try to avoid being in class with him, because our names were adjacent on the register, and when they were read out in quick succession—"Slaughter", "Vaz"—it was usually my hon. Friend leading the cheers.

Anyway, back to the European Union and away from our school days. I was heartened by what the Minister said about this measure. It is important that we deal with such measures on a case-by-case basis, for the very reasons cited by my hon. Friend. The European arrest warrant, which began as a good idea, is now out of control, with hundreds of requests being made by certain EU countries—I am sure that when he gets to speak, the hon. Member for Esher and Walton (Mr Raab) will make reference to that fact. That is something that we need to guard against, so a cautious approach to the

extension of criminal policy is extremely important. We have our own criminal law, and that is how it must remain, but we need co-operation with our European partners in a number of areas. I do not accept that the list read out by the hon. Member for Stone is definitive. It is a good list for us to work on in regard to co-operation on those issues with our European partners, although not necessarily in regard to legislation. The Government should bear that in mind when they approach those issues.

Kelvin Hopkins: As my right hon. Friend will have heard, there is a difference of view between the Chair of the Justice Committee and the Chair of the European Scrutiny Committee on whether this constitutes a degree of legislative creep towards an objective of unifying the legal systems in Europe. If one of them is right, we can be happy that there is no creep, but the Chair of the European Scrutiny Committee seems to think there is a degree of legislative creep involved. Which one does my right hon. Friend agree with?

Keith Vaz: I agree with both of them, because they were each making different points. We must be fair to the Chair of the Justice Committee, who is also the Chair of the Liaison Committee, because he was disputing a point of debate, not a point of fact, as to whether he had met any chair of a justice committee in any other European country who agreed with the view of the hon. Member for Stone view that one criminal law was being sought for the whole of the European Union. I have attended quite a few meetings in the European Union, and I have certainly never heard anyone say that they wanted one criminal law for the whole EU.

Mr Cash: I acknowledge the role of Solomon that the Chairman of the Home Affairs Select Committee is adopting, but I must point out that I was quoting from the Commission's own document, which I think makes my case.

Keith Vaz: That clarification is helpful, but as the commissioners are not here to defend themselves, I shall try to move the debate on.

The hon. Gentleman mentioned certain crimes that are of course not Euro-crimes: terrorism, trafficking in human beings, illicit drug trafficking, money laundering, corruption and computer crime. They go beyond the borders of the European Union, but it is important that we work with our European partners to try to combat those problems. There are times when we need to act quickly—in relation to the trafficking of human beings, for example. Our last report pointed out that at least 100,000 people were being trafficked around the European Union each year, including 5,000 in the United Kingdom, and that there did not appear to be a common European Union strategy to deal with that. We do not need a new criminal law that covers all the EU countries to deal with it; we need to ensure that our structures—Europol, Interpol and others—are able to service the needs of our criminal law. We should be able to prosecute those involved in human trafficking quite happily, without having regard to what is being said in other countries. Similarly, when Turkey eventually joins the European Union, it will have to deal with the problem of illegal drug trafficking. Almost 80% of the heroin that comes into Europe comes from Afghanistan via Turkey.

We can talk about co-operation, but we need to be very careful when we talk about extending criminal law. Our systems are completely different, and I do not think that anyone in the House would accept a proposition to harmonise our criminal justice systems. We should, however, proceed in the direction of co-operation.

I hope that the Minister will also examine the question of data. People can arrive in this country and undergo checks that do not reveal that they have committed criminal offences elsewhere in the EU. Dealing with that does not require legislation; it requires ministerial co-operation and co-operation between EU countries. So if someone who had committed a criminal offence in Poland, for example, came here and was involved in activities that required that information to be made available, that disclosure should be possible. Equally, that should also apply if someone who had committed an offence here went to another part of the EU.

I welcome the Government's approach, but I urge the Minister to be cautious, because any extension would cause us great problems. However, it is important to push forward the co-operation that exists at EU level on the entire justice and home affairs agenda.

1.35 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): I support the motion, and I shall preface my remarks by saying that any free trade area needs an enforceable and effective system to secure compliance with the requirements put in place to create and maintain an open market. Europe also needs to keep pace with the international, cross-border nature of a great deal of crime, and with the ease of movement that criminals enjoy. Indeed, in combating crime, Europe should take advantage of its capacity for co-operation and combined effort in order to defeat criminals and criminal organisations. All our citizens, whatever their views on the European Union, would recognise the value of that.

We cannot ignore enforcement failures in various member countries, because they often harm the interests of British businesses, which can be put at a competitive disadvantage. British farmers and fishermen can also be adversely affected by inadequate enforcement in other countries. Obviously, the converse can also be true. It is usually unhelpful, however, to add new structures and layers of law, of the administration of justice and of prosecution authorities to the well-developed national systems that exist in most member countries. I therefore agree with the motion when it mentions subsidiarity and the need for robust evidence of necessity when EU measures are to be considered.

I do not entirely share the European Scrutiny Committee's dislike of the idea of fostering citizens' confidence in the fact that they live in a Europe of "freedom, security and justice". It is an important feature of the European Union that membership of it commits member states to maintaining a range of important values including freedom, justice, security and human rights. The Committee calls this an example of ideological thinking. I thought that ideological thinking was making a comeback in the Conservative party, but perhaps it is still disapproved of. I remember that during my earlier political life ideology was frowned on by the Conservatives, but then Mrs Thatcher came along with an ideology of her own. That is a byway that I shall stray no further

[Sir Alan Beith]

along, however. The principal responsibility for achieving these aims rests with the member states of the European Union.

The Minister said that we were about to embark on a complex opt-out—or opt-in—process, which is relevant to what we are discussing today. Under the Lisbon treaty, the Government could opt out of everything in the home affairs and justice area. They could also opt in to everything. The more likely outcome, however, is that they will seek a negotiated package, in which we opt in to those areas where it is genuinely beneficial for us to do so without complicating our system by opting in to areas that would be inappropriate for us. I hope that the Government will share with us their developed thinking on how that will be achieved, as a great deal of negotiation will be involved.

The Commissioners tend to proceed by launching a large number of proposals; they fire off a hail of bullets, very few of which reach their target. If the Select Committees of this House were to devote time and attention to every idea that appeared in a Commission paper, we simply would not be able to get on with our work on domestic policy issues. It is therefore important for Select Committees to be able to identify those elements that would benefit from careful Select Committee attention. This is true of home affairs and justice matters, and of others.

The European Scrutiny Committee carries out an important role. It does the valuable and not always very inviting work of examining the legality and proportionality of EU proposals. However, it is the Select Committees that relate to Departments that have experience and expertise in specific policy areas. It would be unreasonable to expect the European Scrutiny Committee to know enough in any given case about whether there was a necessity justification for something and whether it was a policy direction that would be appropriate in the United Kingdom. That is the kind of work that Select Committees are expected to do.

Mr Cash: I understand that there is obviously a complementarity between the European Scrutiny Committee and departmental Select Committees. It is important, however, to reaffirm the fact that we rarely recommend a communication for debate, but on this occasion, because of the nature and coherence of the proposals advocated by the Commission on criminal policy, we thought it was a good idea at least to give it a kick-start on the Floor of the House.

Sir Alan Beith: I entirely agree with the hon. Gentleman and with the action he has taken on this matter, and I very much welcome the fact that the debate is taking place. It is certainly the view of the Liaison Committee that more attention needs to be given to developing European proposals that will, if we are not careful, only come to the House at too late a stage for us to have any significant influence on them. The work of the European Scrutiny Committee in all that is extremely valuable, but there are limits to what it can do.

In conclusion, let me remind Ministers of two things. First, we want to secure as much help as we can get for Select Committees from the UKRep staff in Brussels, who are extremely good when we go as visiting Committees in giving us advice on what is happening, what is being proposed and which of the Commission's brainwaves is getting somewhere and which does not look likely to do so.

Keith Vaz: I fully support what the right hon. Gentleman is saying. I do not know about his Committee, but we find we are so busy that we simply do not have the time to cover European issues, and we rely heavily on the European Scrutiny Committee to alert us if anything is going wrong. One way in which we could be more involved would be if UKRep was more responsive to our work.

Sir Alan Beith: It is not so much about being responsive, because when we have asked representatives for help, they have given it. I am looking for a proactive approach. It would be very helpful if the Foreign Office gave the team in Brussels a clear indication that it would be helpful to alert Select Committees to proposals that looked like gaining traction, and would have important implications for the United Kingdom.

Secondly, of course, it is important that Ministers come to Select Committees before important Council meetings and afterwards, if it is necessary to secure a report back. The House too often finds that a set of complex documents that are extremely difficult to decipher comes before us in the General European Committees at a stage far beyond that at which it would be possible to influence or change it. We have relied unfairly on the members of the European Scrutiny Committee, whose work I again recognise as extremely important, and Select Committees have a job to do that is difficult to incorporate in a crowded work programme, so the more help we can get from Ministers and our officials to alert Select Committees to important issues that are coming up, the more effective we can be.

1.43 pm

Mr Geoffrey Cox (Torridge and West Devon) (Con): The right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) said one very wise and pertinent thing. It was not the only wise and pertinent thing he said, but it was one that struck me, and that was that it is almost invariably the case that it is undesirable to introduce into a mature and well-developed legal system another layer of legislation that is already covered satisfactorily by domestic legislation.

I recall that in the 1990s I had practical experience of such an occasion, when the European Union introduced its own sanctions on Serbia. It introduced a directly applicable regulation in exactly the territory on which this country had already legislated under the United Nations Act 1946. I recall that the case in which I took part challenged the domestic legislative regime on the basis that it occupied territory in which the European Union had legislated and that the two regimes, minutely analysed, could not be seen to be compatible. Not only were they not compatible in their substance, but they were incompatible in the sense that it is well-established case law in the European Court of Justice that any legislative activity by the European Union must take precedence and primacy not only in the substance of its impact and effect but in its appearance. In other words, the legislative authority of any particular action in a member state, once the European Union has legislated,

must be seen to emanate from the European Union. To that extent, it is an extremely intolerant legislative authority.

That means that one must examine extremely carefully—I see that the Secretary of State for Justice is doing so as regards the market abuse framework—whether the introduction of European Union law into a sphere that is already occupied by domestic legislation will cause such a complicated unintended consequence. I recall that the Secretary of State for Trade and Industry at the time was poised with an order to lay before the House in case the Lord Chief Justice in the Court of Appeal accepted the arguments that I and others were advancing. He was ready to go that morning, because of the chaos that would have ensued had the domestic legislation been struck down as incompatible with the European Union's legislative action.

It is extremely undesirable that that should happen and, having listened to the various balances that have been struck by the right hon. Member for Berwick-upon-Tweed, the hon. Member for Hammersmith (Mr Slaughter) and my hon. Friend the Member for Stone (Mr Cash), who is so often proved, even after many years, to be right, I prefer the analysis of my hon. Friend the Member for Stone. The Commission has a cavernous maw into which legislation is sucked into a black hole along with our rights, prerogatives and spheres of sovereignty. I am strongly concerned about the consequences for this Government if they continue with their policy of opt-ins, as was observed by the right hon. Member for Berwick-upon-Tweed a few moments ago.

When a country opts in to a sphere of competence of the European Union, it does not opt in merely to a different wording or to some dilute or mild consequence of that kind. It opts in lock, stock and barrel to the hegemony of the European Union institutions, by which I mean the European Court of Justice, the Commission and the rest of it. That might attract complacent smiles on the Opposition Benches—and even on the Government Benches—but just think of what legislative territory is already included. Firearms control—which has not been mentioned so far, but which is covered by a series of European directives—organised crime, VAT, drug trafficking and money laundering are all covered by extensive directives and directly applicable regulations. There is not a Crown court in this country that is not, as we speak, preoccupied with such trials. If we opt in, we are opting in to the jurisdiction of the European Court of Justice and enabling it to examine our procedures in our Crown courts and see whether they comply with the minimum rules that this policy will set down.

Kate Hoey (Vauxhall) (Lab): I have listened to the hon. and learned Gentleman and I agree with everything he has said so far. Does he agree that the most iniquitous thing about all this continuing opting in and moving into an ever-closer European Union for this country is the fact that the British people have never given their permission for that to happen? Does he agree that that is what we should really be arguing for now?

Mr Cox: I do agree. The fundamental underlying principle that should exercise all Members of this House when it comes to criminal law powers being assumed by a supranational organisation is that what is or is not criminal, and what is or is not an action that puts an individual citizen of this nation beyond the pale of the criminal law, should be a matter for this House. It is to this House that citizens of this country entrust the moral judgments that underlie decisions about what should be criminalised and what should not. We are directly accountable to that citizenry, whereas the institutions of the European Union are not. That is why I have come to this debate to sound a note of caution and warning. That is also why, having listened to the different expressions of caution that have been so well made by my right hon. Friend the Member for Berwick-upon-Tweed, who chairs the Select Committee on Justice, I prefer the analysis of my hon. Friend the Member for Stone.

There is no doubt but that a vast field is already occupied by the European Union, and if we see a panoply of institutional responsibility and jurisdiction introduced into the criminal law, we will be exposing our procedures, our rules of evidence and our very jury trial itself to challenge in the European Court of Justice as not complying with the minimum rules set down. That might not happen this year or the next, but the European Union thinks in terms not just of one decade, but of decades and decades; it proceeds slowly. That is why, like Cassandra, or like Balaam's ass, my hon. Friend the Member for Stone so often stands in our way—or indeed, like the angel that prevented Balaam's ass from going on, he beckons to us and indicates that we would do well to think very carefully before we simply approve policies of this kind without understanding that there is an underlying caution that we should always exercise.

1.51 pm

Mr Dominic Raab (Esher and Walton) (Con): First, I commend the Under-Secretary of State for Justice, my hon. Friend the Member for Reigate (Mr Blunt), for coming to the House to debate this subject transparently and openly because it is one that demands scrutiny. I echo the warning in the excellent speech of my hon. and learned Friend the Member for Torridge and West Devon (Mr Cox), because today, as the Prime Minister leads efforts to scale back the overweening and often arbitrary role of the European Court of Human Rights in Strasbourg, we might well remind ourselves that prevention is better than cure.

The document before us has all the hallmarks of a massive and substantial power grab from Brussels in the area of EU criminal law. We might have ad hoc opt-outs, but the direction of travel has very serious implications for this country. The clear ambition in the document is for a pan-European code on what the Commission calls "Euro-crimes", backed by EU penalties and jurisdiction. The document talks about giving

"full judicial control to the European Court of Justice"

in Luxembourg.

The aim is for a uniform European justice policy by any other name. One has only to look at the detail in the document, which seeks—I quote these words for the sake of accuracy, to show that this is not just scaremongering—

"approximation of definitions and sanction levels"

for serious crimes. It aims for "common minimum rules", including common EU punishments. The document reeks of the Soviet style EU double-speak to which we have become accustomed. On one hand it accepts the

[Mr Dominic Raab]

national "diversity" of the traditions of justice across the continent, including our own, but in the same sentence it calls for "consistent and coherent" EU criminal law. Ultimately, that is a circle that cannot be squared.

What areas will the new Euro-crimes cover? It is one thing to call for direct practical co-operation between national authorities on counter-terrorism and serious crime, although we do not need more legislation in that regard, but the document would expand EU law into environmental crimes, employment offences, data protection, fisheries offences, traffic offences, financial market behaviour—I wonder who that is aimed at—and, of course, at the top of everyone's list of priorities, protecting the euro.

Britain has opt-outs, but we are still affected by the massive increase in EU law in the field of justice and home affairs. With cross-party support, the House has unanimously called on the Government to renegotiate the European arrest warrant—the Chair of the Select Committee on Home Affairs, the right hon. Member for Leicester East (Keith Vaz), presciently predicted that I would raise this issue—because it is resulting in far too much rough justice for far too many innocent citizens. As we consider the ambitions for EU criminal law, I should like to know from the Minister where that issue is on the UK agenda and where it is on the EU agenda.

The UK has also opted in to the draft European investigation order, which would allow European investigators and prosecutors to direct UK police forces to pursue leads and collect evidence. That is a threat to the liberty of our citizens, and is the last thing that hard-pressed police forces need right now. What progress has been made on limiting the risk of abuse of such wide powers and on ensuring there are safeguards that comply with British standards of justice? On a more fundamental level, why is the EU expanding its competences before it has corrected the current defects?

This issue is a prelude to the decision to be taken by June 2014 on whether Britain should opt in or out, wholesale, of the pre-Lisbon justice and home affairs legislation. If this document is a taste of what is to come, it demonstrates all too well the magnitude of that decision. This is a fork in the road: it is time to decide whether Britain will retain our unique justice system and common-law tradition. This is one of the most serious constitutional challenges the House will face in this Parliament, and I am confident that Ministers will weigh the consequences of that decision very carefully and ensure that Parliament—consisting of the elected and accountable law-makers for this country—will have the opportunity to debate and vote on that crucial decision.

1.56 pm

Charlie Elphicke (Dover) (Con): It is a privilege, as ever, to follow my hon. Friend the Member for Esher and Walton (Mr Raab). My concern is about this kind of extension of the whole European project. We see it creeping on further, out of taxation and all the other measures with which we are familiar, into the criminal sphere. I find this policy document highly objectionable in many areas. First, I find objectionable the statement that

"EU Criminal Policy should have as overall goal to foster citizens' confidence in the fact that they live in a Europe of freedom, security and justice"

That is not the point of European criminal policy. Rather, it should be the criminal policy of each individual member state. The EU, by trying to say that its policy is somehow about these principles and that citizens look to it for the execution of those principles, is overstretching and overselling. It is also misreading the situation, given that it is so far removed from people and has done so little to instil confidence.

The document also says—this is more in line with where things should be—that

"the EU can tackle gaps and shortcomings wherever EU action adds value."

I take a pragmatic position on this. I do not think that one should say, in a knee-jerk reaction, that the EU should have nothing to do with anything, or that we should embrace everything it says as messages and tablets from heaven written in stone that we should accept, honour and obey. We need to look at things on a case-by-case basis.

Nicky Morgan (Loughborough) (Con): My hon. Friend is making an excellent argument. Within the bundle of documents before us is the draft insider dealing and market abuse regulation. That is an area in which I worked before entering the House. Does he agree that with cross-border activity such as market abuse, which in the 21st century can be committed anywhere in the world and have an effect on another territory, there is an argument that the EU has a role to play in setting out sanctions for such behaviour?

Charlie Elphicke: My hon. Friend helps me to move to my next point. The policy applies not just to market abuse. It also applies to

"terrorism, trafficking in human beings, sexual exploitation of women and children, illicit drug trafficking, illicit arms trafficking, money laundering, corruption, counterfeiting of means of payment, computer crime and organised crime."

The list is packaged in the manner of "Do you like hospitals?" or "Do you eat food to live?". It has been put together with breathtaking cynicism and in a way that would make even a push poller blush. We know what this is really about. It is about starting with something that everyone can accept so that they say, "Oh, yes, that's a good idea,". That puts the principle in place before things are moved forward. The document says, "We then want to move forward into other areas," as my hon. Friend the Member for Esher and Walton just said.

Let us look at the issue of market abuse. Why can we not have the market abuse rules in the criminal law of our own nation? Why do we need to have minimum standards across European law if we do not necessarily want to opt in? We are being told that there is no such thing as—

Jacob Rees-Mogg: Will my hon. Friend give way?

Charlie Elphicke: In a moment.

We are being told that it is a misdescription to talk about a Euro-crime, but on page 9 the document states, under the heading, "What is the possible content of EU minimum rules on criminal law?":

"The definition of the offences...Regarding sanctions, EU criminal law can require Member States to take effective, proportionate...criminal sanctions for a specific conduct."

So if we touch on the issue of definition of the offence, and add on criminal sanctions, there is a risk that what we are actually talking about is, in effect, or could be seen as, a form of Euro-crime. I hasten to add that I do not necessarily regard that as a bad idea.

Jacob Rees-Mogg: If we were to have this co-recognition of crimes and action, would it not make more sense to do it with New York rather than with Brussels, because there is much more international financial trading in New York and London than there is in Europe?

Charlie Elphicke: That is a very fair point.

Nicky Morgan: I will be brief because I know that time is limited. My hon. Friend asks why we need to have rules in the UK if we already have rules across Europe. The point is that, as I understand it, the proposal would bring the rest of the EU's rules on market abuse up to the standard that we already have in this country. New York already has those standards. This is an improvement, bringing the rest of Europe along with us.

Charlie Elphicke: The European Union is doing this anyway. The central issue is whether we opt in. This is really a shadow debate for the whole issue about opting in. The letter sent by the Home Secretary to some colleagues on 21 December 2011 talks about the whole issue of the opt-ins. There are 133 directives, regulations and so on where opting in could take place.

Stephen Phillips (Sleaford and North Hykeham) (Con): My hon. Friend refers to the central issue. Is not the central issue that raised by my hon. and learned Friend the Member for Torridge and West Devon (Mr Cox)? If we are going to criminalise people in this country, or indeed in any other member state in the EU, by law, then those who have passed those laws need to be accountable to the citizens to whom they apply, and that is not the case in relation to the European Commission or the other EU institutions, which are not accountable, in any real sense at all, to the people of this country.

Charlie Elphicke: I completely agree with my hon. and learned Friend, and that is my central point too. It is not for the European Union to start defining crimes; it is for individual nation states to do so.

There are areas where we should consider opting in. For example, I intervened on the Minister and talked about the issue of drugs. Let us look at the measures in the list provided by the Home Secretary. On one side, it talks about co-operation between customs authorities and business organisations on combating drug trafficking. Good. That is what we should have—cross-border co-operation. As the representative of Dover, I know that that is really important and makes a difference. Another 1996 justice and home affairs measure that was proposed, concerns

"the exchange of information on the chemical profiling of drugs to facilitate improved cooperation between Member States in combating illicit drug trafficking."

Good. Yes, we should do that.

However, the dividing line for me is the 1996 JHA measure No. 750, which concerns

"the approximation of the laws and practices of the Member States of the European Union to combat drug addiction and to prevent and combat illegal drug trafficking."

When one considers the approximation of laws and the issue of codification and requiring member states to treat everything the same way, one is rapidly moving into the area of a common criminal law—Eurojust, the European arrest warrant, the Euro-investigator, Europol and Euro-crimes. If we are to take that route, my point is simply that we should engage the country as a whole and have a proper, open discussion about what is going on, not try to spin it.

There are some cases where a common criminal law may be appropriate, particularly in the cross-border context; in others, we might conclude that it is not the right way to proceed. But to draw up a cynical list of everything that everyone would agree are the most heinous crimes known to mankind, in order to get the principle and then to extend it later, is something that we have seen with the European Union time and again. It is the fundamentally wrong thing to do, and it would be the wrong thing for us to do in terms of the opt-in or opt-out debate. I believe that when we have that opt-in/opt-out debate over the next two years, we should ensure that we include the country as a whole and have a proper, national discussion.

2.4 pm

Jacob Rees-Mogg (North East Somerset) (Con): I am very glad that the European Scrutiny Committee recommended this European Commission document for debate because it shows, once again, the ambition of the European Union. We have heard before—it is in the treaty of Rome—the line about ever-closer union. We often hear from the great and the good in this country that we do not need to worry about what the document says because it is not happening yet; it is not so important; these good and great people are not necessarily talking about it yet. And then it creeps in and it happens.

The ambition of the Commission's document is exceedingly great, and the policies that it has already adopted are important. We notice, in the package of papers before us, that in 2009 the European Commission announced, under the Swedish presidency, that it would have more broad provisions guiding the Council's criminal law deliberations. So, for three years already, the Commission, the presidency and the Council of Ministers have been looking at what they should be doing with the criminal law provisions and how they should affect us. We in this country are indeed protected by our opt-ins, but we have to bear in mind that once we have opted in, we are subject to qualified majority vote. So it is a once-and-for-all decision—we say, "Yes, we are going into that," but then the people of this country, as hon. Friends have said, have no further ability to change that law; it becomes a matter bound in to European Union competence.

Let us look, as some of my hon. Friends already have, at the ambition of the European Commission in this area, at what it thinks more common criminal law will do, and how broad it is in its definition of the criminal law. We hear from the Front-Bench spokesmen that common criminal law will be used in rare cases, for

[Jacob Rees-Mogg]

important crimes. That is not actually what the European Commission seems to say. Page 11 of the package of documents says:

"EU criminal law fosters the confidence of citizens in using their right to free movement and to buy goods or services from providers from other Member States through a more effective fight against crime and the adoption of minimum standards for procedural rights in criminal proceedings as well as for victims of crime."

That sentence—that bullet point—from the European Commission covers an incredibly wide set of crimes. They could be anything to do with the free movement of people, or the provision of services throughout the European Union. It then provides for minimum standards of procedure. That affects all sorts of basic points of the criminal law in this country. Will the procedure allow for trial by jury? It does not establish that. Does the procedure outlaw double jeopardy, which we basically still protect our citizens—our subjects—against? It does not say that. It says that it is aiming for these

"minimum standards for procedural rights"

and the rights "for victims of crime."

The European Commission goes on to say:

"Common rules strengthen mutual trust among the judiciaries and law enforcement authorities of the Member States. This facilitates the mutual recognition of judicial measures as national authorities feel more comfortable recognising decisions taken in another Member State if the definitions of the underlying criminal offences are compatible."

That means that we have to align our laws with other member states in the European Union. There may not be an immediate proposal to do that, but it is what the European Commission has in its documentation, it is what it wishes to do, and we know from experience that what the European Commission starts out with often comes to be the case.

Who can forget that wonderful moment when Lady Thatcher stood at the Dispatch Box and there were three proposals from Mr Delors, and Margaret Thatcher said "No! No! No!"? Each one of those three has now become an established part of the European family that we know and love.

What is the time scale? That again is set out by the European Commission in its package of documents. Page 18 says that it has a

"vision for a coherent and consistent EU Criminal Policy"

by 2020. So the European Commission wants us, in eight years, to have established that uniformity.

As we have discussed, the proposal includes things that are open to wide interpretation, such as computer crimes. Even an alarm clock is now computer-controlled, so even if you were to steal an alarm clock—*[Interruption.]* Of course, you would not steal an alarm clock, Madam Deputy Speaker, but if some brigand were to do so, that might be deemed to be a computer crime. The description is therefore set wide, as it is for

"serious infringements of road transport rules".

If someone were to park on a red route, at what point would it be a matter for the European Union?

The Commission has set out an extremely ambitious communication, which I am glad that the House is debating. It knows clearly its route of travel and where it wants to end up, which is, ultimately, a single European state. No British Government have ever been in favour of that, yet every British Government since 1972 have ceded more powers to the European Union to create a superstate. It is important to debate the proposal at an early stage of its formation so that the Government can be robust and aware of the problem, and so that they can refuse opt-ins that, step by step, lead to the ever-closer union that has been the EU's policy since it was founded.

2.11 pm

Mr Blunt: I shall try to respond to the contributions made in the debate, the tone of which has been reasonably consistent, certainly among my hon. Friends sitting behind me. I had rather hoped that the tone of my opening remarks had made it clear that the Government were in a similar place on the issue as the European Scrutiny Committee.

The hon. Member for Hammersmith (Mr Slaughter) gave us the benefit of seven minutes' consensus during which he managed to avoid expressing an opinion on Euro- crimes and the use of language in the document, which the Government, like the European Scrutiny Committee, feel is unhelpful.

I was grateful to my hon. Friend the Member for Stone (Mr Cash) for notifying me that he could not be in the Chamber for the conclusion of the debate, because he is chairing a Committee of the House. I quite understand why he cannot be here. I think it was a slip of the tongue on his part when he put "breathtaking complacency" and "Government" in the same sentence; I was grateful that he then corrected himself to make it clear that he was referring to the Opposition and the hon. Member for Hammersmith. My hon. Friend subsequently talked about the Government's support for his Committee's position and the tone of my remarks about Euro-crimes.

Much of the tone of my hon. Friend's speech will have been familiar to hon. Members. Indeed, my right hon. Friend the Member for Berwick-upon-Tweed (Sir Alan Beith), the Chair of the Justice Committee, asked whether he was trying to conjure up a spectre. I sometimes think that it is not so much a spectre that is conjured up in European Union debates as a dementor, given that there is a chill in the air and hon. Members who receive a dementor's kiss have the soul sucked out of them and find themselves hooked on this issue in a conceivably unhealthy way. However, my hon. Friend the Member for Stone has consistently and properly pointed out the possible ramifications of such communications from the European Union, and Conservative Members returned to that theme time and again. I therefore want to reinforce the fact that a solid defence of our position underpins the debate and that we are equipped with the scepticism that my hon. Friend the Member for Stone and other hon. Friends expressed.

The way in which the right hon. Member for Leicester East (Keith Vaz), the Chair of the Home Affairs Committee, began his speech was evidence to support the truth of the Matthew Parris theory that Parliament is full of schoolboys and schoolgirls who were bullied during their time at school and then take extended revenge on their school mates. I will leave others to draw their own conclusions on where the "Slaughter, Vaz" quip to which he treated us puts the hon. Member for Hammersmith on the scale of bullies or the bullied.

The right hon. Member for Leicester East confirmed the point made by my right hon. Friend the Member for Berwick-upon-Tweed that no one is calling for a comprehensive system of European criminal law, despite what can be adduced from the Commission's communication. Given that the right hon. Member for Leicester East is a former Europe Minister, I might have anticipated that he would take the position that he did. On human trafficking, it is clear that the point is around the need to address structures and systems, but we have also opted into law in that area. I take his point about data and assure him that data protection is being considered in the coming days by the European Union and the Council of Europe.

My right hon. Friend the Member for Berwick-upon-Tweed reminded us that we have a duty to keep up with cross-border crime and the development of new crime patterns. We have chosen to opt into various measures under the Lisbon framework, so that we keep pace on crime, as appropriate. He drew attention to what we face in 2014 with the 133 measures that were adopted pre-Lisbon. Of course, we will not make any premature decisions and we will consider carefully the practical implications of all the options. The Government are committed to holding a vote in both Houses before they make a formal decision. We will conduct further consultation on the arrangements for the vote, especially with the European Scrutiny Committee, the Justice Committee and the Committees of both Houses that consider home affairs. We will make a formal announcement on the process in due course. My hon. Friend the Member for Esher and Walton (Mr Raab) was also clear about the substance of the decision that we will face in 2014.

I listened carefully to the suggestion made by my right hon. Friend the Member for Berwick-upon-Tweed about UKRep engaging with Select Committees to give them notice of any European Commission business coming down the track in which they might like to take an interest. One must tread carefully with such things, given the question of what is the prerogative of the Executive and what is that of Parliament. We would not want to get to a position at which it was seen that the Executive were seeking formally to engage parliamentary bodies on their behalf. His Committee's role is to hold my Department to account, and it is for Parliament as a whole to hold the Government to account, so I will reflect on his suggestion and invite my ministerial colleagues in the Foreign Office to read his remarks and consider whether there could be a satisfactory way forward.

My hon. and learned Friend the Member for Torridge and West Devon (Mr Cox) reminded us, in his usual stentorian tones, about the dangers of the intrusion by others into a mature legal system. Hon. Members will have noted his learned warning about the effect of opt-ins. He made it clear that he shared the general approach taken by my hon. Friend the Member for Stone and set out the underlying caution that we should always exercise on such matters. I hope that he understood from my opening remarks that that is precisely what we do. I believe the present arrangements enable us to do that, not least the oversight exercised by this House and the European Scrutiny Committee.

As well as making points about the 2014 decision, my hon. Friend the Member for Esher and Walton reinforced the general remarks made by my hon. and learned Friend the Member for Torridge and West Devon and asked about our current position on the European arrest warrant. The EAW was the subject of a review by Sir Scott Baker, to which the Government will respond in due course.

In tone, the remarks made by my hon. Friend the Member for Dover (Charlie Elphicke) were similar to those of other hon. Friends, but I thought that the intervention made my hon. Friend the Member for Loughborough (Nicky Morgan) made quite clear the case, which he acknowledged, that we need to take a case-by-case approach, as the Government have pledged to do. As the hon. Member for Dover, he commended the co-operation on drugs trafficking, but there is a basic problem with the proposition he advanced: either we will find measures, on a case-by-case basis, where it is appropriate and in the interests of the UK to co-operate at European Union level, and we will proceed on that basis as we do now; or he and others will present that to the House as a cynical list establishing the principle of where we should co-operate, in order to open up the possibility of our being compelled to co-operate on matters where we are not compelled to do so. In his presentation of the process, however, my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) neglected to remind the House of the existence of the emergency brake. If all else fails—if we have opted in, taken part in the discussions and voted but have been outvoted on certain measures—and the matter is serious enough to constitute a fundamental assault on our criminal jurisdiction, we can exercise the emergency brake under the Lisbon provisions and thereby establish an opt-out.

I thank the House for this debate. It is clear that the Government and the European Scrutiny Committee are of the same view: we consider that European legislation in the field of criminal law should be contemplated only as the last resort and only where action at the European level is absolutely necessary. We also clearly agree that European Union criminal law proposals should have regard to the principles of subsidiarity, proportionality and, importantly, necessity based on clear evidence. Those principles are vital. The European Commission's communication makes it clear that, although it seeks to develop a consistent approach to the use of criminal law, those principles continue to form part of the considerations even of the Commission—to echo the tone of some of the speeches made today.

The Government will continue to examine the content of European Union criminal law proposals and our participation in them on a case-by-case basis, entirely in line with the coalition agreement. In line with our commitments to Parliament, we shall also continue to engage with the European Scrutiny Committee on any EU criminal law proposals, as they come forward. I commend the motion to the House.

Question put and agreed to.

Resolved,

That this House takes note of European Union Document No. 14613/11, relating to a Commission Communication, Towards an EU Criminal Policy: Ensuring the effective implementation of EU policies through criminal law; agrees that the primary focus of EU criminal law should be tackling serious crime with a cross-border dimension; and further agrees that the general principles of subsidiarity, proportionality and necessity based on clear evidence must be respected when deciding whether to propose criminal sanctions to ensure the effective enforcement of EU policies.

London Local Authorities Bill *[Lords]*

Further consideration of Bill, as amended

Clause 5

STREET LITTER CONTROL NOTICES

2.24 pm

Philip Davies (Shipley) (Con): I beg to move amendment 15, which is, leave out clause 5.

Madam Deputy Speaker (Dawn Primarolo): With this, it will be convenient to consider amendments 16 to 20, 3 and 4.

Philip Davies: I begin by apologising on his behalf for the absence of my hon. Friend the Member for Christchurch (Mr Chope), in whose name the amendments stand. He asked me specifically to apologise to my hon. Friend the Member for Finchley and Golders Green (Mike Freer), the Bill's sponsor. I assure him that our hon. Friend has not lost interest in the Bill, but decided—questionably, I think—that it was more important for him to listen to the Prime Minister's speech on reforming the European Court of Human Rights in Strasbourg than to be here for this debate. I am not sure that that was the correct decision, but I am sure that he will be able to justify it to the Bill's sponsor at a later date.

As you will know, Madam Deputy Speaker, my hon. Friend the Member for Christchurch had begun to move the amendment when he was cut short the last time the Bill was debated in the House. I will not repeat the remarks he made then, but it might help the House if I recap his main points. The amendment would remove clause 5, which states:

"Section 94(1)(a) of the Environmental Protection Act 1990 (street litter: supplementary provisions) shall apply in Greater London as though for 'commercial or retail premises' there were substituted 'premises other than dwellings'".

Thus, only in London, that provision would apply not just to premises such as retailers and takeaways, but to all premises that are not dwellings. The main thrust of my hon. Friend's argument was that that related to people smoking outside buildings because of the smoking ban, and the resulting litter.

Mrs Anne Main (St Albans) (Con): Does my hon. Friend believe that litter such as dropped cigarettes and chewing gum is covered by existing regulation and local authority powers?

Philip Davies: That is correct. My hon. Friend the Member for Christchurch touched on that in his speech—he omitted to mention other things that I shall discuss today—and expressed the view that the clause was a sledgehammer to crack a nut, but my hon. Friend the Member for St Albans (Mrs Main) is right: there are plenty of other regulations that could apply.

Mike Freer (Finchley and Golders Green) (Con): To help my hon. Friend the Member for St Albans (Mrs Main), the current regulations do not apply to public buildings. Retail and commercial buildings are covered, but public buildings are not, and the purpose of the provision is to extend coverage to them.

Philip Davies: I am sure we are all grateful for that clarification. The point I think my hon. Friend the Member for St Albans was making and I am sure my hon. Friend the Member for Christchurch would have made were he here is that people who smoke outside a building and deposit their litter on the street are guilty of an offence under existing provisions, without the Bill coming into play, and can be prosecuted. He made the point that many places provide containers for smokers' litter and that the problem, if it did exist, applied equally across the country and there was no justification for a London-only provision.

Mrs Main: The authorities in St Albans have always had the problem of not knowing exactly where the people who have dropped litter came from, but that is why they have always believed that, if they so chose, they could enforce litter regulations outside any premises. It is not necessary to see a person coming out of a premises. The local authority targeted the culprit—the person who dropped the litter—rather than the premises.

Philip Davies: My hon. Friend is absolutely right. I am sure she agrees that existing legislation is sufficient to tackle the problem.

My hon. Friend the Member for Christchurch challenged my hon. Friend the Member for Finchley and Golders Green to justify the wide-ranging powers that clause 5 would give. He said that he saw a difference between takeaways, which sell products in packaging designed to be taken out of the shop and disposed of, and offices or buildings where smokers happen to congregate outside the front door to have a discussion over a cigarette. I am not entirely sure I agree. Just because a takeaway sells a burger and puts it in a wrapper for people to eat at their convenience does not mean that it should be held responsible if a customer drops the litter somewhere where they should not. I believe in individual responsibility, and the responsibility should lie with the individual who is doing the littering. That should apply equally to what happens outside a takeaway and to smoking outside an office, but my hon. Friend the Member for Christchurch made that distinction.

2.30 pm

Those are the points that my hon. Friend made about amendment 15. I apologise for rushing through them, but I thought it appropriate to recap so that we can move on to new material. I agree with the thrust of the amendment. We have more legislation to deal with this even than my hon. Friend acknowledged in his brief contribution before he was cut off. Anti-littering legislation has been updated since the introduction of the Environmental Protection Act 1990, to which he referred, and which is cited in the Bill.

The Bill seems reluctant to mention that the legislation has been updated. The Clean Neighbourhoods and Environment Act 2005 extends the offence of littering to all open spaces, which calls into question why any further legislation, including the Bill, is necessary. Section 18 of that Act states:

"In section 87 of the Environmental Protection Act 1990...(offence of leaving litter), for

subsections (1) to (4) substitute—

(1) A person is guilty of an offence if he throws down, drops or otherwise deposits any litter in any place to which this section applies and leaves it.

(2) This section applies to any place in the area of a principal litter authority which is open to the air, subject to subsection (3) below."

Presumably, that applies to all London local authorities, just as it applies anywhere else. Section 18 continues:

"This section does not apply to a place which is 'open to the air' for the purposes of this Part by virtue of section 86(13) above if the public does not have access to it, with or without payment."

Effectively, if it is private land, that provision does not apply. Section 18 continues:

"It is immaterial for the purposes of this section whether the litter is deposited on land or in water."

It is therefore even more comprehensive than my hon. Friends may think. It continues:

"No offence is committed under subsection (1) above where the depositing of the litter is...authorised by law; or...done by or with the consent of the owner, occupier or other person having control of the place where it is deposited."

Given that the local authority does not authorise people to drop litter—they do so without its consent—that measure can be invoked by London local authorities if they see fit. Section 18 continues:

"A person may only give consent under subsection (4A)(b) above in relation to the depositing of litter in a lake or pond or watercourse if he is the owner, occupier or other person having control of...all the land adjoining that lake or pond or watercourse; and...all the land through or into which water in that lake or pond or watercourse directly or indirectly discharges, otherwise than by means of a public sewer."

That provision makes it clear that the owner of the premises outside which the litter is dropped is not authorised to give consent to anyone to drop litter; they are not giving permission for them to do so. The owner of the takeaway or other shop is not saying to their customers, "Oh, by the way, when you want to get rid of your burger wrapper or your chip paper, just drop it outside—it's not a problem." The law makes it clear that they cannot do that, so why on earth my hon. Friend the Member for Finchley and Golders Green wishes to make those people responsible for what others are doing outside on the public highway, when they already have the powers to enforce a ban if they so wish is beyond me.

Mrs Main: Will my hon. Friend, or other hon. Members in the Chamber, suggest any offence that would not be covered by existing legislation, but which would be caught by the Bill?

Philip Davies: My hon. Friend makes a good point. This part of the Bill—indeed, the whole Bill, although I will not be diverted on to that, Madam Deputy Speaker, but will stick to the amendment and clause 5—exists for the convenience of local authority officials. That is the thrust of the provisions.

Chris Williamson (Derby North) (Lab): The hon. Gentleman is extremely unfair to local authorities in suggesting that the clause exists for the convenience of officials. In fact, it is designed to ensure the best use of public money. He will be aware that local authorities have experienced substantial reductions in their budgets, so is he happy that they would have to expend even more resources to enforce the legislation when the clause offers a perfectly appropriate alternative way of ensuring that there is not an accumulation of litter outside public buildings, and would benefit the local community? It seems a good use of public money, and—

Madam Deputy Speaker (Dawn Primarolo): Order. I remind the House that interventions must be brief.

Philip Davies: I do not accept what the hon. Gentleman said. He may think that all this is for the benefit of council tax payers and local residents, but I do not agree. Businesses pay lots of money through rates and so on, and they expect a service in return. The Bill wants businesses to cough up for the council to provide services. At the end of the day, the council can say, "By the way, even though you have coughed up for services, we don't want to provide you with any services. We'll get you to pay extra on top for anything that you might ever want to use." That is an unfair system. If the hon. Gentleman is advocating that we scrap the rates that businesses pay and hold them responsible for anything that goes on, I might have a bit of sympathy, but he is trying to have the best of both worlds.

It seems as if we are doing this for the benefit of council officials who do not want to spend time trying to identify the individual responsible because they file that under "Too difficult". They want to make businesses generally be responsible for anything that goes on anywhere near their premises—in that way, they can crack the problem and do not have to do anything.

Mr James Gray (North Wiltshire) (Con): I have been listening carefully to my hon. Friend. This is the first occasion on which I have debated the Bill, and I am puzzled on two counts. First, if the hon. Member for Derby North (Chris Williamson) is right that there is a means of reducing the burden on local authorities, presumably, at the expense of businesses, why should that be the case? Secondly—and forgive me for mentioning this, Madam Deputy Speaker—why should such a measure apply in London when there is no such provision in the rest of the UK? The legislation cited by my hon. Friend the Member for Shipley (Philip Davies) covers every other metropolis in England, so why should London receive special treatment?

Philip Davies: My hon. Friend is absolutely right, and gets neatly to the nub of the issue in the clause and the Bill. If this is such a big issue—the hon. Member for Derby North (Chris Williamson) may even think that it is a big issue in his part of the world—the problem exists to the same extent across the country. If we are going to introduce measures to tackle it, regardless of whether it is a problem or not, the solution in the House is to introduce legislation that applies to every single local authority. If the problem is as the hon. Gentleman describes it—and perhaps he will try to square the circle—why should the measure apply only in London, but not in any other part of the country, including his own?

Chris Williamson: The hon. Gentleman is allowing the perfect to become the enemy of the good. If local authorities in other parts of the country wish to have that power, I have no objection to that. The Bill is a good step in the right direction, and goes some way towards ameliorating the impact of the huge reductions in Government funding for local authorities.

Philip Davies: That is very interesting. The thrust of the Bill and of the clause is to address problems unique to London. Apparently, that is why we need the Bill:

[Philip Davies]

because of the huge volume of tourists and visitors, local authorities need all those extra powers. The hon. Gentleman slightly let the cat out of the bag when he said that this is nothing to do with London, but the thin end of the wedge. This is a test case so that we can roll this out throughout the country. If that is the point, I suggest to the hon. Gentleman, and perhaps even the Bill's sponsor, that he goes back to square one, starts from scratch, and if it is such a big issue, introduces a Bill, perhaps with Government support. We have yet to hear from the Minister whether he supports these matters applying only in London, or whether he thinks they should apply elsewhere. If the Minister thinks that they should apply in the rest of the country, I suggest that he scraps this legislation, votes it down and brings in legislation that applies everywhere.

Mrs Main: My hon. Friend makes a powerful argument. I am listening with increasing concern because this appears to be nothing about solving a particular problem to do with offences; it is about cutting costs for local authorities, in which case, as my hon. Friend argues, it should apply nationwide. It appears that the rationale behind the clause is nothing to do with offences at all, but to do with cost-cutting.

Philip Davies: My hon. Friend might want to advance that argument, but I am not entirely clear whether the Bill is simply about cost-cutting. I know that that is what the hon. Member for Derby North would have us believe, but I think that it is slightly more sinister and that it is about the amount of powers to be given to local authorities and their officers.

Jacob Rees-Mogg (North East Somerset) (Con): Might the provision be not only cost-cutting, but cost-increasing? Some of the buildings that will be included are public buildings, so the charge will simply be taken from a local council to another public authority, but the local authority already has the means of street cleaning, whereas the public authority in a building may not.

Philip Davies: My hon. Friend makes a good point. Given that local authorities are playing not with their own money but with other people's, they may not be so bothered if they were caught up in the regulations. It may be businesses that were more concerned and therefore dealing with the problem better themselves. My hon. Friend touches on a good point because no business will attract customers if the area around its shop is in a terrible state, full of litter. I suspect that this is a solution looking for a problem, because most businesses will want to ensure that the streets close by are free of litter. They are probably doing that already, so my hon. Friend may well be right. The measure may well end up applying only to other public buildings, and the local authority may find itself in some accounting exercise where it is passing invoices from one department to another, which makes everyone unhappy apart from the person who is supplying invoices for the local authority, and it will not benefit the council tax payer, but give them an extra cost. My hon. Friend may well be on to something there.

I was slightly sidetracked, particularly by the hon. Member for Derby North. I made the point that the Clean Neighbourhoods and Environment Act 2005 already took the law beyond the Environmental Protection Act, and I gave an example of that. But it does not stop there, because section 21 of the 2005 Act extended street litter notices to any vehicles that act as commercial or retail premises, which was another giant step of mission creep down this particular route. On street litter control notices, which is precisely what this clause deals with, the 2005 Act says:

> "In section 93 of the Environmental Protection Act 1990...(street litter control notices), after subsection (3) insert—
>
> '(3A) A vehicle or stall or other moveable structure which is used for one or more commercial or retail activities while parked or set at a particular place on or verging a street is to be treated for the purpose of this section and section 94 below as if it were premises situated at that place having a frontage on that street in the place where it is parked or set."

So we have already had an extension of the provisions that the hon. Gentleman seeks to extend further. The Act continues:

> "(3B) In subsection (3A) above, 'vehicle' means any vehicle intended or adapted for use on roads."

That may well be burger vans or ice cream vans. That has already been covered in that legislation. The Act continues:

> "(3) in that section, for subsections (8) and (9) substitute—
>
> '(8) A person commits an offence if, without reasonable excuse, he fails to comply with a requirement imposed on him by a notice.
>
> (9) A person guilty of an offence under subsection (8) above is liable on summary conviction to a fine not exceeding level 4 on the standard scale.'"

Those are already the laws of the land. This is the law that applies throughout the country. Why on earth it should be extended just for London is beyond me.

2.45 pm

One of the petitions put forward against the Bill noted the objections of the Society of London Theatre. It could see that it was effectively another stealth tax on its activities. People leaving a theatre might drop their tickets or cigarette butts, but clearly that is not the fault of the theatre. If those people drop their litter, surely it should be the responsibility of the local authority to collect it as part of their normal street-sweeping exercise.

Of course, the Bill would extend that to theatres. I should have thought that it was in London's best interests to try to encourage the cultural attractions that we see in this city. Certainly, people who come to London from Shipley very much welcome going to the theatre. It is one of the great attractions of London. Many theatres are struggling. Not all are hugely vibrant commercial enterprises. Some of them keep going through good luck, graft and the generosity of many benefactors. Why on earth anyone would want to see some of these places closed down by putting extra requirements on them is beyond me.

Mr Gray: My hon. Friend was advancing a persuasive argument until his last point. That this duplicates existing legislation is a perfectly sound argument for not allowing it to be done. I am a strong supporter of the "polluter pays" principle, and surely there is some argument for saying that if the theatre or the burger bar is responsible, they should pay for clearing up the mess.

Philip Davies: I will agree with my hon. Friend on the first half of his point, but disagree with him on the second. If he follows the first half through to its logical conclusion he will disagree with himself on the second half. He said that he believes in the "polluter pays" principle, and that is a perfectly sound basis upon which to start. There may well be some exceptions, and I am sure that my hon. Friend the Member for North East Somerset (Jacob Rees-Mogg) will think of some. But in this case, the polluter is not the theatre. Just because the theatre issues a ticket to a customer does not mean that, when that ticket finds itself on a London street, it is the theatre that is the polluter. Surely my hon. Friend would accept that the polluter is the individual who dropped the litter, not the theatre. My hon. Friend is a very sound man, and I am sure that he believes as much as I do in individual responsibility. If so, he must accept that this is the responsibility of the individual, not the theatre.

Mr Gray: On reflection, I will disagree with myself and redisagree with the disagreement that I made against myself a moment ago, if my hon. Friend will forgive me for doing so. He is of course quite right. If the person who drops the litter is the person who pays the fine, as happens under the existing legislation without this clause, the polluter indeed pays. However, if the institution from which the polluter emerges pays, that is an entirely different principle under environmental law.

Philip Davies: I accept that. The point is that surely the problem would be worse. If individuals felt that they would not be held responsible for their actions but would get off scot-free, and that the theatre would take responsibility, we might end up with more litter, because individuals will feel free to throw it willy-nilly, knowing that they will not be pursued.

Mike Freer: My colleagues seem to be rather obsessed with the views of the Society of London Theatre and the Theatrical Management Association, but they have withdrawn their objections and petition. They did not object on this particular issue but on a different issue—and, as I say, their petition has been withdrawn.

Philip Davies: I am grateful for that update. They are obviously more easily impressed than I am with what my hon. Friend tells them. I am sure that his powers of persuasion worked wonders on them. I look forward to him speaking at length in this debate so that his powers of persuasion may work on me, and I may be able to withdraw my amendment.

Mrs Main: Is not the problem the fact that this would effectively carve up the streets in front of public buildings and ultimately make them responsible for the streets? Who can say whether a Mars bar wrapper—sorry, Mars!—lying on the street outside a theatre was dropped by someone going into the theatre having ejected it from their pocket, or someone coming out of the theatre having eaten it on the premises? The point is that the person who dropped the sweet wrapper is responsible for the litter, not the theatre, even though it is in front of the premises.

Philip Davies: My hon. Friend is right. She introduces a new aspect, because if we follow this through to the logical conclusion, it may not be the individual but the retailer who is responsible. And then perhaps we should go the whole hog and say that it is not the retailer who is responsible but Mars, because it put the product in a wrapper that could be dropped. My hon. Friend the Member for Finchley and Golders Green may well be thinking about amending the Bill further so that retailers are not held responsible, but instead Mars would be held responsible for any Mars bar wrapper found anywhere on the streets of London, because it should not have produced a chocolate bar in a wrapper.

Mrs Main: I have to "fess up" and declare an interest: my husband worked for Mars for a long time, which is probably why the example sprang into my head. I in no way wish to imply that Mars bar wrappers—Snickers is also a Mars product—are more likely than other wrappers to end up on the floor.

Philip Davies: It was important for my hon. Friend to make that point, because otherwise she might have been in trouble tonight, and her endless supply of free Mars bars could have been at risk.

Bob Blackman (Harrow East) (Con): My hon. Friend is making a powerful speech about who is responsible for litter and its collection. Taking the principle that the polluter should pay, I trust that he will support the principle that the measures taken must punish those who drop litter in the first place.

Philip Davies: I do not want to get sidetracked—as I am sure you do not, Madam Deputy Speaker—but the whole thrust of my argument is that the legislation already in place is perfectly sufficient to allow that to happen. My hon. Friend says that the polluter should pay. That is all very well, but local authorities come to the Government, and to council tax payers, saying that they need all this money to do this and that, and to ensure that the streets are kept clean, and all that kind of business, but on the other hand they are surreptitiously trying to say that they will take all the money from the Government and from the council tax payer for fulfilling this obligation, but then, quietly on the side, they will then try to pass the responsibility on to someone else. If those local authorities want the funding for keeping the streets clean, they also have to take on the obligation to keep them clean. They cannot have one without the other.

Esther McVey (Wirral West) (Con): I am listening to the debate with great interest. The Liverpool BID—the city centre business improvement district—includes around 650 businesses that have come together because they want to make the environment cleaner, above and beyond what is happening on the streets. They have taken it upon themselves to cover even bigger areas and are funding it. However, there have been possible links between increases in the amount of work they want to do and a potential reduction in business rates, because they think that that is work the council is not doing. They would also like to do competitive tendering with the council, thereby also reducing their business rates. If my hon. Friend is concerned about loss of money, this could be a sure way to lose money through the business sector.

Philip Davies: I am grateful to my hon. Friend. That sounds like a good initiative. In fact, I think that there are business improvement districts in London. I am not entirely sure if they work in exactly the same way as it does on Merseyside, but they are certainly there. It seems to me that my hon. Friend proposes a far better solution, if there is a problem, which could not only get the support of the local authority, because it would then not have to deal with the problem that it does not think is its responsibility, but local businesses, which I might add probably do a far better job clearing it up than the local authority, because they would feel that they are improving their local area and making a contribution, but are not, in effect, paying twice. My concern is that the Bill is trying to get them to pay twice, once for their rates and once for sorting the problem out.

Jacob Rees-Mogg: I wonder whether that establishes a general principle that it is much better to get a free market solution whereby companies come together to make things better, rather than draconian sanctions being imposed from on high.

Philip Davies: I absolutely agree with my hon. Friend, and I am sure that my hon. Friend the Member for Wirral West (Esther McVey) will welcome his support for her argument, because he is absolutely right.

We know what needs to be done, because we have plenty of recommendations and evidence that would eliminate the need for clause 5. In June 2006 Environmental Campaigns—ENCAMS—produced the report "What is the Situation with Cigarette-Related Litter in England?", which set out some recommendations. We know from the sponsor of the Bill and the explanatory notes that clause 5 is intended to tackle above all else, but not exclusively, the new phenomenon of smoking outside, because of the ban on smoking in public places. On research and monitoring, ENCAMS recommended:

"An accessible, repeatable monitoring methodology could be developed to measure the quantity of cigarette butts in the environment, and therefore better understand the impact of interventions."

One of the problems is that we appear to be going down the route of putting forward legislation without fully appreciating the nature and scale of the problem. On education and communication, ENCAMS recommends:

"The successful ENCAMS cigarette-related litter campaign could be repeated in the future, to build on the momentum it has generated. The learnings from the 2006 campaign should be built into the 2007 campaign"

and campaigns in future years, and:

"Additional communications campaigns could be developed to target specific stakeholder groups in areas where cigarette litter tends to accumulate."

This is a far better solution and it would target where there is a problem—and cigarette litter tends to accumulate—rather than having a blanket policy that applies everywhere, whether or not there is problem.

On ashtrays and infrastructure, ENCAMS recommends

"ENCAMS existing list of ashtray suppliers could be further expanded and developed to include a description of the characteristics and price of ashtrays. This could be complemented by a set of best practice guidelines to provide advice on the type of ashtrays that are suitable in different contexts."

On enforcement, it recommends

"Ways to increase enforcement levels could be investigated, such as further training programmes for enforcement officers and street wardens."

It seems to me that the report was not blaming the non-dwellings. ENCAMS seems to be saying that it is the councils that need to raise their game.

Jacob Rees-Mogg: I wonder whether it is not rather an unsatisfactory principle that something that was perfectly legal should be made illegal but then increasingly unpleasant, and draconian penalties are introduced for people who are doing something that used to be legal, having been forced to do it less comfortably. I simply do not think that is the right way to legislate.

Philip Davies: My hon. Friend is absolutely right. This is a tyranny over people who were once able to enjoy a particular way of life indoors who have been forced outside, through no fault of their own and no fault of the premises from which they have been kicked out. Most premises used to offer some kind of smoking room or a place where smokers could go. The legislation has forced them to put those people out on to the streets. It would be a rather perverse kick in the teeth for them, having been once inconvenienced, now to have to pick up the tab—excuse the pun—for a piece of Government legislation. My hon. Friend is right that it would be perverse to go down that, route based on the history of how this situation has come about.

Andrew Percy (Brigg and Goole) (Con): There is clearly a problem in how that relates to public houses, but as I remember from my time as chairman of a licensing authority, it is possible to deal with some of the current problems through the licensing system, through conditions on licences. For example, councils could look at their licensing policy. If this is such a great problem, and clearly people feel that it is, is my hon. Friend aware of any local authorities that have tried to address it through their licensing regime?

3 pm

Philip Davies: My hon. Friend makes a good point, and he knows far more about those matters than I do, so I certainly bow to his superior knowledge. Other local authorities will have to deal with these issues through licensing and other imaginative schemes that he will know from his time as a councillor in Hull, because the Bill applies only to London. So even if we pass this Bill, his local authority will still have to go down such routes, because the benefits, if they are benefits, of the legislation will not apply to it anyway.

Mrs Main: My hon. Friend is absolutely right, and many local authorities, my own included, are working on the issue positively in order to encourage people to stop smoking, given that it has now become more inconvenient to do so, and in order to consider what provision, such as bins, they can make so that people dispose of litter sensibly. Local authorities are already helping with the strategy; they do not need new legislation on the littering aspect.

Philip Davies: I absolutely agree.

The ENCAMS report went on to discuss cleaning and stated:

"Efficient, cost effective cleaning equipment that targets cigarette butts would complement preventative measures, especially at the start of an education campaign. Furthermore, the fundamentals of streetscape design could be considered to discourage and prevent the impacts of littering, especially in those areas where cigarette litter accumulates."

Most importantly, it concluded:

"Ultimately, the reduction in cigarette litter is likely to be more significant in England if the identified solutions are implemented in a targeted, coordinated fashion, with strong partnerships between stakeholders."

ENCAMS' conclusion seems to be compatible with the approach that my hon. Friends the Members for Wirral West and for North East Somerset advocate, and surely that is a far better route to go down than clause 5, which is officious and, as my hon. Friend the Member for North East Somerset said, might not even help with the problem but make it worse.

We have also had a Department for Environment, Food and Rural Affairs report, after the ENCAMS report, on how local authorities can prevent cigarette litter, and DEFRA proposed seven similar guidelines, with

"advice about how to prevent and reduce cigarette litter based on international and local experience. They are:

"1) Ashtrays—choose the right ashtray to suit your context and needs; 2) Signage—provide clear, consistent anti-littering signage; 3) Cleansing—clean up littered cigarette ends; 4) Partnerships—work with local organisations; 5) Leadership—walk the talk and be a leader in your community; 6) Educate—change the cigarette littering behaviour of smokers; and 7) Enforcement—use the legislation and powers available where appropriate."

Those points are similar to the ones that ENCAMS made, and, given that outside this place there seems to be a consensus developing on what should happen, I hope that my hon. Friend the Minister will not go against that report by another Department, which proposed a solution very different from the line taken in clause 5.

Interestingly, in the DEFRA report, "Enforcement" was listed as the last thing to do. It was the last resort: once everything else has failed, enforcement should be the final path; it should not be leapt to as the first solution. Furthermore, the report says:

"Enforcement—use the legislation and powers available where appropriate."

It suggested not that new powers of enforcement were needed, but that what should be used were the powers already available to local authorities, so I see little evidence from anywhere to suggest that clause 5 is required. That is why it should be deleted.

We do not need to look too far to find out how we can solve, without clause 5, the problems that the Bill's promoters have—perhaps rightly—identified, because Braintree district council reduced cigarette litter by encouraging smokers to use portable ashtrays. A campaign was launched to raise awareness, and the council purchased 1,000 portable ashtrays. Media coverage was so successful that it had to order a further 400 ashtrays, and in addition the company supplying them found five local newsagents that agreed to sell the product. One shop in Braintree sold more than 200, and follow-up interviews with ashtray users showed that smokers continued to use them and welcomed a means of disposing of their cigarette butts responsibly. More importantly, cleansing staff noticed a general reduction in the number of cigarette butts on the streets.

My hon. Friend the Member for North East Somerset advocates a free market solution to the problem, so I hope he agrees that what happened in Braintree was a far better, and truly free market, solution to the problem that the Bill's promoters have identified.

It is not just Braintree that has found ways of dealing with the problem, however. An interesting idea worked successfully in Australia, so my hon. Friend the Member for Finchley and Golders Green might wish to run it past all his local London authorities. In 2004 Toowoomba city council wanted to reduce smoking-related litter throughout the city, so it ran a small-scale campaign within the council to change the cigarette-littering behaviour of staff before trying to change the behaviour of the public, which in itself makes the interesting point that perhaps London Councils should start closer to home with its solutions to the problem, rather than by interfering with everybody else.

A clean-up was carried out around Toowoomba council buildings, and official and unofficial smoking areas were identified. The number of stubs was counted during the clean-up so that any reduction could be monitored as each measure was introduced. First, all employees were exposed to educational material—a process that continued throughout the campaign—and just that one measure alone reduced the number of littered stubs from 1,849 to 1,164. After one month, all employees who smoked were offered pocket ashtrays—similar to what happened in Braintree—and 150 were given out, producing a further reduction to 966 littered stubs. The following month wall-mounted ashtrays were installed in the smoking areas, and that saw the amount of littered stubs fall to 753—a 41% reduction in cigarette litter in total.

Following the success of the campaign, and with the knowledge that the council was leading the way, a city-wide public campaign to reduce cigarette litter in Toowoomba was carried out.

Jacob Rees-Mogg: I wonder whether my hon. Friend would describe that initiative as "nudge" theory. That means getting people to do things by gently pushing them in the right direction, rather than through what we have been discussing—the heavy hand of the state crashing down.

Philip Davies: Absolutely. That is very much the case.

The point of these examples, and the lesson that we should learn from them, is that people can be helped to produce a solution themselves. It would be far better if the Bill were proposing measures that helped people to sort out the problem themselves, rather than introducing a sledgehammer to crack a nut.

Mrs Main: I am extremely interested to hear the Toowoomba and Braintree examples. Does my hon. Friend know whether the authorities in London have explored the idea of copying any of those examples before resorting to legislation? Is he aware of any pilot studies that have been carried out and evaluated which led them to the conclusion that the only way to solve this potential problem, which they perceive as a problem, is to encourage more regulation and legislation?

Philip Davies: I agree with my hon. Friend, who makes a good suggestion, and I am not aware of any local authorities in London having learned from those

[Philip Davies]

ideas or tried to apply them first. Perhaps the Bill's sponsor can shed more light on that, but I certainly encourage them to use legislation as a last resort, because at the moment we are using it as a first resort, and there are plenty of examples of other measures working just as effectively, if not more so.

In addition, over the past couple of years Keep Britain Tidy has campaigned to change the public's attitude and behaviour towards dropping cigarette litter. Last year, campaigns in June and September helped reduce cigarette litter by 33% and 23% respectively, so again, we have other measures. The reduction occurred without any new legislation and without the clause before us being inserted into legislation. All this proves beyond doubt that my hon. Friend the Member for Christchurch is absolutely right to suggest that there is no need to extend street litter notices. That is why I very much support his amendment 15.

Amendment 16, which is where my hon. Friend the Member for Christchurch was cut off in his prime, would delete clause 6, which is on the use of turnstiles at public toilets. This is the exciting provision—the one that we were all waiting for. Clause 6 states:

"Section 1 of the Public Lavatories (Turnstiles) Act 1963 (abolition of turnstiles) shall not apply in respect of a public lavatory or public sanitary convenience controlled or managed by a borough council."

The effect of clause 6 is summarised in the explanatory notes:

"Clause 6 amends the application of the Public Lavatories (Turnstiles) Act 1963 in Greater London. Section 1(1) of that Act provides that every turnstile in any part of a public lavatory or public sanitary convenience controlled or managed by a local authority or in any entrance or exit of such lavatory or convenience had to be removed six months after the 1963 Act obtained Royal Assent. It also provided that no turnstile should be provided in the future. Clause 6 disapplies those provisions in Greater London."

It is timely that we have just got on to this matter because my hon. Friend the Member for Bury North (Mr Nuttall), who has just arrived, has a particular interest in public lavatories. I do not want anyone to get the wrong idea. I hope that he will forgive me for couching it in those terms. What I am trying to say, in a rather ham-fisted way, is that he knows more about this subject than I do, not that he shows a particular interest in it. Anyway, I will leave it there.

Mrs Main: Flushed with success, one might say. I sat on the Select Committee on Communities and Local Government when it produced a report on the provision of public lavatories. One of the recommendations, as I am sure my hon. Friend is aware, was that the 1963 Act should not only be upheld, but that, according to all the information the Committee received, it should be extended wherever possible. We recommended that all private premises, such as train stations, be encouraged to remove their turnstiles at the earliest opportunity. Anything that goes contrary to the recommendations of the 2008 Select Committee report would be retrograde.

Philip Davies: I am grateful to my hon. Friend. Like my hon. Friend the Member for Bury North, she is clearly far more of an expert on public toilets than I am. I have no idea why the Select Committee decided that that was the most pressing matter to inquire into and report on. Perhaps she can enlighten me.

Mrs Main: I am more than happy to enlighten my hon. Friend. We received numerous submissions of evidence from people with disabilities and from organisations such as Help the Aged. People felt that the lack of access to good, well-functioning toilets often curtailed people's right to access fully all aspects of life. Many groups said that it was vital to improve accessibility to toilets because, even under the current regulations, they did not feel that it was good enough.

Philip Davies: That is very helpful. I do not know whether the local authorities concerned or the sponsor of the Bill have read the evidence sessions or conclusions of that inquiry. I do not know whether they have spoken about this Bill with the groups that felt so strongly in that inquiry. I suggest that they should have done so before they even thought about bringing forward clause 6.

The Public Lavatories (Turnstiles) Act 1963 prohibits the use of turnstiles

"in any part of a public lavatory...controlled or managed by a local authority".

According to the Government's strategic guide, that requirement was in response to public concern about the safety and access problems of turnstiles for the general public, specifically for people with disabilities, people with buggies and pushchairs, and pregnant women. It would be helpful if the Minister clarified whether the Government still believe in that Act or whether they feel that it should be repealed. If they believe that it should be in force, surely they believe that it should be in force in London just as in any other part of the country. I look forward to his clarification of the Government's position.

As my hon. Friend the Member for St Albans said, the Communities and Local Government Committee took evidence on this matter in preparing its twelfth report of 2007-08. I feel slightly ashamed to talk about it in her presence, because she might put me right on a few things. As she said, the report was critical of the use of turnstiles by private providers of toilet facilities. Richard Chisnell said in evidence to the Committee:

"To see people queuing up with luggage, and families trying to get through a turnstile and put money in a coin-operated slot before catching a train is pitiful in Britain in the 21st century."

3.15 pm

The Committee's conclusion stated:

"We recommend that all providers of public toilets consider modern access-control methods as an alternative to traditional turnstiles."

The Bill therefore runs in direct—

Mike Freer: Perhaps I may help my hon. Friend.

Philip Davies: Please do.

Mike Freer: The Bill is not in direct contravention of that recommendation. "Turnstile" is a legalistic term. It does not specify the sort of turnstile that would have been used in 1963. If Members visit any tube station in London, they will see the automatic barriers to which my hon. Friend is referring. That is what is meant by a turnstile under the modern definition.

Philip Davies: I am very grateful to my hon. Friend for that clarification. What he says is all well and good, but how does he know exactly what kind of turnstile will be put in place by these local authorities? He may well envisage a modern system of access to a toilet, but some local authorities may use the repeal of these provisions to install something that neither he nor I think is appropriate.

Mike Freer: I understand my hon. Friend's concern. The point is that since 1963, we have had the Disability Discrimination Acts and the Equality Acts, which prevent the use of the kind of turnstiles that he is worried about. Because of those Acts, the kind of automatic barriers that we see in tube stations will be what are used under the Bill.

Philip Davies: I am grateful to my hon. Friend for that clarification, but he is not taking into account the evidence that was given to the Communities and Local Government Committee. It is not only people with disabilities who are a major worry in relation to clause 6, but people with buggies or pushchairs and people with a lot of luggage. There may well be other people who will be affected.

Mark Tami (Alyn and Deeside) (Lab): Another important point, besides whether there are turnstiles, is that far too often toilets are closed or left in a bad state by the local authority.

Philip Davies: That may well be true. Perhaps local authorities ought to sharpen up their act before they try to pass such legislation. The point is that these toilets will be closed to even more people if we have clause 6. If people have a lot of luggage or a big pushchair and cannot get through the turnstile, they will not be able to get in whether the toilet is open or closed. For some people, these toilets will be closed permanently.

Mrs Main: Having served on the Communities and Local Government Committee, I know that the report presents only a snapshot of what was said to us. In evidence, organisations such as the Changing Places consortium argued that nothing should be put in place to stop people having free, easy access to toilets. Some people have urge incontinence. The issue is not whether there is a bar in place, which can be sorted out fairly quickly. For some people, any obstacle will make it almost impossible to use public toilets. Whatever is envisaged by my hon. Friend the Member for Finchley and Golders Green, it cannot possibly open access to toilets, but must surely close it down in some way, shape or form.

Philip Davies: My hon. Friend is absolutely right. Again, I bow to her superior knowledge from her time on the Select Committee. She has heard more evidence about this matter than I have. I am merely reading the report and giving a flavour of the recommendations.

When I worked for Asda, for a number of years I had the privilege and pleasure of being responsible for the facilities and services that we provided to our customers with disabilities. After car parking and the abuse of disabled car parking bays, the biggest issue that was raised by our customers with disabilities was the accessibility of the toilets. I say to my hon. Friend the Member for Finchley and Golders Green that we ignore at our peril the difficulties that people with different disabilities experience in accessing toilets. There is no one category of disability whereby we can have one kind of turnstile and people think, "Well, that's fine, everybody can get through that." We should appreciate that lots of people have different types of disability that make different types of equipment difficult for them. Instead of having turnstiles that will no doubt catch out people with one or another type of disability, we should be making toilets as accessible as possible for everybody so that their disability is not affected.

Tom Brake (Carshalton and Wallington) (LD): Because the disability discrimination laws would apply, the problems of access that the hon. Gentleman is highlighting should not apply to turnstiles. Furthermore, the fact that these turnstiles allow for the mechanical collection of charges should mean that there will be more, not fewer, public toilets.

Philip Davies: We absolutely do not know that, and neither does the right hon. Gentleman. I will come to that later.

Mrs Main: The question of how much people are prepared to pay to use a public toilet facility was also covered in the report. In fact, the charge could never reflect the true cost of using public toilets. Any such surplus funding will not be available to fund new public toilets—that came out loud and clear. There will always be a cost to a local authority, and unless the charges were totally prohibitive they would never generate enough funding to generate new toilet facilities. That argument cannot be considered as part of the justification for this measure.

Philip Davies: I am grateful to my hon. Friend, who displays her expertise once again. As regards not knowing how much people are prepared to spend to go to the toilet, I always thought we knew they were prepared to spend a penny, but perhaps that is somewhat out of date.

The right hon. Member for Carshalton and Wallington (Tom Brake) mentions the Disability Discrimination Act, which has been used as cover by my hon. Friend the Member for Finchley and Golders Green. Under that Act, the service provider is obliged to make reasonable adjustments, not to make everything wholly accessible to everybody. A local authority that is denying access to a person with a disability because their disability does not fit in with the equipment that is on display may well argue that it would be unreasonable for it to change its entry system because it would be disproportionately expensive in relation to the one person it helped—in other words, that it would be an unreasonable adjustment. My hon. Friend would be misguided if he put all his faith in the Disability Discrimination Act, because it does not do what he seems to think it does.

Jacob Rees-Mogg: If the Act allowed for turnstiles that everybody could get through, why should that not apply to the whole country? Why are we using a private Bill to repeal a public Act? Surely this is a rather dubious constitutional procedure.

Philip Davies: My hon. Friend is absolutely right. If the problems that the Bill seeks to address exist, they cannot possibly be unique to London—they must apply equally around the country. I would go so far as to say that it is an abuse of private legislation for someone to try to tackle something that applies equally across the country by passing a piece of legislation that will apply to only their part of the world. The whole point of private business is to deal with problems that are unique to the place to which it applies.

Bob Blackman: Does not that fly in the face of my hon. Friend's argument given that we, as a Government, are pursuing the agenda of localism? Localism is all about local choices and local decisions, and the people of London—London councils across the board—have taken the view that this is a power that they want. In addition, does he believe that it is right for local authorities to collect money through charges for the use of public toilets?

Philip Davies: I do not want to get sidetracked by charges in toilets, Madam Deputy Speaker, because I am sure that if I went down that route you would soon pick me up and tell me to keep on the straight and narrow. I am tempted by my hon. Friend's deliberate attempt to get me into trouble by leading me out of order, but I will resist.

My hon. Friend appears to have given up on his former valiant defence of the reason for this measure and has now played what he believes to be the trump card of localism. Perhaps he thinks, "If all else fails, bring out the localism card." I have two points to make about that. First, the purpose of Parliament is that we are here to defend the freedoms of people right across the country, and wherever we see those freedoms being infringed, it is our duty to try to do something about it.

Secondly, one could just about use the localism principle to sustain an argument that in Shipley, to pick a place at random, the local authority should be able to do what it wants with its public toilets because even though we have on our doorstep Saltaire, which is a world heritage site and a fine place that I advise all hon. Members to visit, the centre of Shipley does not have a great number of tourists. That is regrettable. If people wandered down from Saltaire, which is only a mile or two away, they could soon be a tourist in Shipley, but it does not tend to happen. In London, however, the exact reverse is the case. These regulations will not only apply to Londoners because London has the distinction of having a large number of visitors from every part of the country. When my constituents, who know that local authorities cannot put turnstiles in toilets in their local area, come and visit London for a weekend break or a week's holiday, they should be able to expect that the law of the land that applies in their part of the world applies in London too. It would be completely bizarre if all those people travelling down to London for a weekend were caught unawares by such draconian legislation. How on earth could they be expected to know that London has a completely different regime on all these matters of basic freedoms from that which applies in other parts of the country?

Andrew Percy: This power is not about localism unless it is provided to all local authorities in England. If we do not do that, we end up doing what a lot of my constituents think happens down here because they feel that this place is all about London—or all about Scotland, because we are hearing a lot about independence—but not about the regions. I bet my bottom dollar that we would not have much chance of getting a North Lincolnshire or an East Yorkshire local authorities Bill through this place.

Philip Davies: If my hon. Friend did try to introduce such a Bill, I would probably be standing here speaking against it in the same way. I put that warning shot across his bows. However, he makes a good point. If we believe in localism, we should at least give every local authority a fair crack of the whip by allowing it to have the same privileges that my hon. Friend the Member for Finchley and Golders Green is seeking for London. Whichever way one looks at it, there seems to be no justification at all for saying that London can do something that nowhere else can. That appears to be grossly unfair.

Mrs Main: My hon. Friend is being extremely generous in giving way.

One of the important points that came out of the Communities and Local Government Committee report was that tourism, and therefore access to toilets, was vastly important in London, but that signage towards toilets and toilet cleanliness were often poor, that that needed addressing, and that many tourists did not have the right change to access turnstiles. People have trouble finding toilets because of poor signage, and then potentially have trouble getting into them if a fee has to be paid.

Philip Davies: My hon. Friend is right, and it has been a delight to have her in the debate this afternoon. She has been able to shine a light on the Committee's report, which I must confess had escaped my attention until I started examining the Bill. I am ashamed to admit that I missed it, but because of her we have been able to enjoy the benefits of it.

It is not just the Communities and Local Government Committee that has looked into the matter. The Department for Communities and Local Government, the Minister's own Department, produced a strategic guide called "Improving Public Access to Better Quality Toilets" in 2008. I know that it was produced under the previous regime, but I would be interested to know whether the Department still subscribes to its strategy on better-quality toilets.

3.30 pm

In her foreword to the DCLG report, Baroness Andrews stated:

> "A lack of accessible and good public toilets affects not only the quality of our town centres, parks or bus stations, it also reduces the dignity and quality of people's lives. After all, they are one of the basic facilities that residents and visitors alike depend on. Good quality provision instils confidence in public facilities as a whole, helps to inspire positive impressions, and contributes to many other important aspects of life. Whether it is families with small children or older people, it is important that people have the confidence that the facilities they need are available when they are out and about. People rightly expect accessible, clean, safe and well maintained toilets."

I agree wholeheartedly. The emphasis of that foreword appears to be on accessibility, yet the Bill would undo all the great work that has been achieved.

In passing, I say that my hon. Friend the Member for St Albans mentioned the Changing Places initiative on getting better toilet access for disabled people, which I very much support because I know the problems they face. As Changing Places knows, I have campaigned for a wider roll-out of accessible toilets. It would be bizarre if on the one hand we had charities such as that campaigning for better access and, on the other hand, passed a Bill meaning that there was worse access to public toilets.

The then Minister with responsibility for disabled people, the right hon. Member for Stirling (Mrs McGuire), stated in the DCLG guide:

"Access to high-quality public toilet facilities plays an important part in all our lives, but as Minister for Disabled People, I frequently learn about the particular impact that a lack of such facilities can have on many disabled people: preventing or restricting their opportunities to take part in everyday activities like shopping and leisure pursuits. That is why I welcome this Guide, which I hope will act as a stimulus to the provision of improved public toilets and, consequently, overcome a further barrier to disabled people's active participation in our society."

I would be grateful if the Minister made it clear whether his Department still supports that view. Interestingly, the Camden quality of life panel concluded in April 2007:

"Customer expectations of council services continue to rise and the increasing population of older citizens will mean that even more people will require toilet facilities that are accessible, clean and safe. This issue will not go quietly away."

That supports the general thrust of the Communities and Local Government Committee report mentioned by my hon. Friend the Member for St Albans.

Public access to toilets is important for local shops and businesses, too. Businesses operate to turn a profit, and customer footfall is the lifeblood of the retail and leisure sectors and of town centres. Yet however alluring the window display might be and however good the sales pitch, people need first to be drawn to the area and kept there. People respond to and recognise areas that show a strong, grand image and a sense of civic pride, and in which it is obvious from the street furniture, the local environment and signage that people are welcome and their needs are understood and catered for. Businesses operate as part of communities and hold as much of a stake in supporting local community amenities and promoting civic pride as local authorities themselves.

Mr David Nuttall (Bury North) (Con): My hon. Friend is making a powerful case, and I am sorry that I missed the opening part of it due to my commitments on the Committee corridor. Has he seen annex D to the DCLG report? It is about the community toilet scheme promoted by the London borough of Richmond upon Thames, which encourages businesses to allow members of the public to use their toilets while they are out and about.

Philip Davies: My hon. Friend is right. Clearly, he has been diligent, as always, in reading that report. He may well be sorry that he missed the opening part of the debate; we missed him, too. We are pleased that he has made it.

Mrs Main: My hon. Friend alluded to tourism. I do not know whether he is aware of the comments of Peter Hampson, who, at the time of the report that my hon. Friend mentioned was director of the British Resorts and Destinations Association—BRADA. He opined that the

"provision of toilets becomes absolutely fundamental...most journeys start and finish with people going to the loo."

He observed that toilet provision was fundamental to any major tourist destination, and that it was crucial to get it right. The proposal is, as Thomas Crapper might have said, a bad way forward for our toilets. Facilities cannot be good if people have to pay every time. Some elderly people and people with young children need to use the toilet very frequently. The proposal must be a no-no for most cities.

Philip Davies: My hon. Friend is right. We all know how important toilet facilities are. When we go to a restaurant, we probably judge it as much on the provision, cleanliness and accessibility of the toilets as on the service or the quality of the food. I am as sure as my hon. Friend that Thomas Crapper would be turning in his grave if he thought that we were even contemplating the clause.

Jacob Rees-Mogg: I must disagree with my hon. Friend —for the first time in his excellent speech—on the way he judges restaurants.

Philip Davies: I suspect that my hon. Friend visits far better quality restaurants than me. If I had his means, I am sure that I would, too. However, I have to go to establishments where sometimes you take a bit of a risk when going to the toilet.

Mrs Main: Not only restaurants pride themselves on their toilets. I was privileged to visit the Isle of Mull a few years ago. There is a little toilet block in the middle of nowhere, which two ladies tend beautifully. It has daffodils, other flowers and pictures, and they take pride in it. Many communities and restaurants take pride in their toilets, and I agree with my hon. Friend that that is a mark of a premises and a community.

Philip Davies: Despite the fact that my hon. Friend also probably goes to far better quality restaurants than I do, I am pleased that she agrees with me. However, I do not want to get sidetracked. I was in danger of that—my hon. Friends were leading me astray—but I must return to the matter in hand.

Swindon borough council conducted a report on environment and leisure in 2007. A councillor stated:

"We have been surprised by the strength of feeling in relation to this issue"—

that is, toilets. He went on:

"Our toilets are a matter of significant inconvenience in terms of location, accessibility and condition, which impacts upon public health, the image of the town and limits the quality of life for many people."

It is important that we focus on the importance of such matters to local residents and to visitors. Given that London is such a centre for tourism, we ignore that at our peril.

The Department for Communities and Local Government report reiterated the need for easy access to toilet facilities for older members of the public.

[Philip Davies]

A 2005 survey by Changing Lives, nVision and Future Foundation showed that

"people aged over 55 and families with children are most inclined to take holidays and short breaks in this country. At the same time, these groups are more likely to place a higher value on being able to access a toilet."

Given that most of those people who take a short break in this country are more than likely at some point to go to London, it would be perverse to allow the clause to apply to London alone.

The Department for Communities and Local Government report concluded:

"Being able to access a toilet is a fundamental need for any visitor. Tourists need more local information, more signposts. They cannot simply go home, into work, or their local pub to use the toilet. Tourists choose their destinations carefully, drawing on their previous impressions, talking to friends and family, looking up feedback on the internet. Sense of destination—the extent to which it has met a visitor's needs and made a strong and positive impression—is therefore vital to secure repeat trade and sustainable economic development."

Would it not be a shame if people's experience of visiting London, which should be fantastic, was ruined by the simple problem of being unable to get into a toilet when they needed one because turnstiles had been erected?

We should also bear in mind that we have the Olympics this year in London, which has led to other sporting events, such as the world athletics championships. We are told that they are the great opportunity to showcase London and to boost the tourism industry in this country. We are told how important public toilets and their accessibility are to tourism, tourists and visitors. Would it not be bizarre, when we are spending all that money to attract more tourism to London, to do something that would adversely affect it?

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The hon. Gentleman is obviously well briefed—he has certainly flushed out a lot of the subject that he wanted to flush out—but I am worried that he is beginning to pad out the debate on this measure. He may wish to speak to other measures, and it might help his good self to move on a little. I am sure that we have heard about turnstiles and the toilet break quite thoroughly, and a lot of hon. Members have managed to intervene.

Philip Davies: If you will allow me, Mr Deputy Speaker, I shall conclude on the issue of toilets by saying simply that the Guild of Registered Tourist Guides formed an inconvenience committee, which produced a report—*[Interruption.]* This is the final thing I want to say on toilets. The committee described what it considered to be the perfect public toilet. It said that the perfect public toilet should be "free"—that is perhaps not much to ask in a world-class city—

"with sufficient cubicles for men and women so that large groups can use them without lengthy queues...clean and well maintained...safe and well lit...appropriate access aids such as hand rails on stairs, plus separate facility Cot wheel chair users...hot and cold water and soap for hand washing...Hand drying with paper towels as well as the hot air machines...Attendant on duty...Litter bins for disposal of hand towels...Nappy changing room...Feminine hygiene provision...Information and health education...Early morning and evening opening hours...sitting area for people to wait...and...Machines offering various necessities".

That is it. You will have heard, Mr Deputy Speaker, no mention of turnstiles in that description of the perfect British toilet. I therefore do not know why on earth we would want to introduce them.

Bob Blackman: I am almost tempted to say that people would choose to live in such a wonderful place as opposed to just using it for the purpose for which it is intended. Will my hon. Friend say who will pay for that wonderful service if it is free of charge for the general public?

Philip Davies: I do not want to go on further about public toilets, suffice it to say that I hope my comments have shown that such things should be the responsibility of local authorities.

Jacob Rees-Mogg: To go back to an amendment to which my hon. Friend spoke earlier, that could be a matter of free enterprise. Groups of concerned citizens could come together to improve the trade in their area and ensure that there are convenient public conveniences.

Philip Davies: That is right. My hon. Friend proposes a good solution, but however they are paid for, local businesses pay rates and expect services in return. Such facilities are important in attracting people to a location. The local authority will benefit from those just as much as local businesses.

Andrew Percy: It is not just businesses that pay rates and expect services; people pay their council tax to their local council for such provision. They see their council spending millions of pounds over a budget period on communications and other stuff, but they expect basic stuff such as public facilities to be provided for them to use for free. That is what most of the council tax payers my hon. Friend and I represent want.

Philip Davies: I suspect my hon. Friend is right. It is no good local authorities going to the Government or the council tax payer and saying, "We need ever increasing amounts of money to pay for this, that and the other, and one of those things should be toilets," and then saying, "By the way, we've got all the money in from the Government and the council tax payer to provide toilets, but we do not want to provide them free of charge."

Mrs Main: Will my hon. Friend give way?

Philip Davies: I really ought to press on and get to the other amendments. I do apologise to my hon. Friend.

I will deal with amendments 17 to 20, as they go together. Amendment 17 would delete subsection (1)(a) of clause 7, which deals with charges for permitting the use of objects, and so on, on the highway. Subsection (1)(a) refers to

"the cleansing of streets in which permitted activities take place so far as that cleansing is attributable to permitted activities".

Basically, amendment 17 would prevent local authorities from being able to charge restaurants, theatres and so on for having to clean the streets outside such venues. Amendment 18 is a technical amendment, consequent on amendment 17, and would delete "and" in clause 7(1)(a).

3.45 pm

Amendment 19 would leave out clause 7(1)(b), which refers to

"any reasonable administrative or other costs incurred in connection with the administration of Part VIIA of the 1980 Act (provision of amenities on certain highways) in relation to relevant permissions".

That would prevent councils from charging shops and restaurants extra for administering the cleaning of the streets outside their venues. Amendment 20 would leave out clause 7(1)(c), which refers to

"the cost of enforcing...the provisions of Part VIIA of the 1980 Act so far as it relates to permitted activities...section 130 of the 1980 Act (protection of public rights) in relation to activities which are capable of being authorised by a relevant permission but are not...the law in relation to obstruction of the highway in relation to activities which are capable of being authorised by a relevant permission but are not."

The explanatory notes state that clause 7

"would allow London borough councils to take into account additional considerations when setting the level of charges in relation to cases where they have given their permission under section 115E(1)(b)(i), namely where they have given permission for the placing of objects on the highway where doing so will result in the production of income. A typical example of when this might happen is where the Council has given permission for a restaurant to place tables and chairs on the highway. Clause 7 would enable the council, when setting the charges, to include in their calculations reasonable costs in the aggregate incurred in relation to the reasonable administrative or other costs incurred in granting permissions, additional street cleansing costs arising from activities for which permission is granted, and additional enforcement costs."

My amendments would remove the provisions in clause 7 that would allow councils to charge extra for the cost of enforcing the cleaning. Presumably local authorities agree to let businesses have street furniture on the highway because they think that doing so is a good thing for their local residents. If so, why do local authorities not let those businesses just get on with it?

Andrew Percy: In a previous incarnation, I was a licensing chairman. We were keen as a local authority to encourage businesses to use street furniture because we thought that it took away many of the problems that we were dealing with. It improved antisocial behaviour and saved us money on some of the problems we faced on the streets at the time. Street furniture was therefore something to be encouraged. Rather than charging businesses for it, we were keen for them to have it.

Philip Davies: I am sure that my hon. Friend is right. I am sure that there are lots of benefits for local authorities from businesses doing that. The point is that if having street furniture is so good for the local authority and the local residents, surely the council should be encouraging businesses to have it. However, clause 7 would only discourage businesses from putting their street furniture out on the high street, because the local authority will clobber them if they do so.

Mrs Main: In another incarnation, I was on the Select Committee on Communities and Local Government when it published a report on markets. The sense of place that my hon. Friend has described was actively encouraged in that report, because of that sense of the community meeting and coming together. Indeed, Leicester has overhauled its market, giving the community a greater sense of space and place by creating the sort of piazza feel that he has described. I cannot think that it would be helpful to incur additional charges for encouraging something that is for the benefit of the local community.

Philip Davies: I am sure that my hon. Friend is right; indeed, I recall attempts, whether successful or not, to try and develop a café culture in this country. It appears to me that clause 7 is designed to try and thwart such a café-style culture, and I do not really understand why we would want to do that.

Jacob Rees-Mogg: I think that it is much worse than that; this is a fundamental attack on the rights of property. The explanatory notes state:

"Subsection (2) of section 115F provides that except where the council are the owners of the sub-soil beneath the part of the highway in relation to which the permission is granted, the charges may not exceed the standard amount".

That is, the council may charge only reasonable costs. That means that a council would be able to charge someone for doing something on that person's own land, which must be wrong.

Philip Davies: I commend my hon. Friend for being so eagle-eyed; I agree with him wholeheartedly on that point.

One of my problems with the Bill, and with this clause, is that they appear to intend to damage small businesses. We are in a terrible economic situation at the moment, and we know that small businesses are the engine of economic growth, so why on earth would the House want to pass measures that appear to have been designed to clobber small businesses? That is completely beyond me. These kinds of extra costs and bureaucracy are meat and drink to big businesses. I used to work for a large multinational company, and although these extra requirements were sometimes an irritation, we could afford to employ legions of people to deal with them. Many small businesses are struggling in the current climate, however, and they do not have the financial capability to deal with all the extra regulation and costs that the Bill seeks to impose on them. There seems to be a mindset that owning a small business is a licence to print money, that everyone who owns one has millions of pounds in the bank doing absolutely nothing, and that it is the job of a local authority to extract as much of that money as possible from them.

Mr Gray: My hon. Friend is speaking with great passion from his own libertarian standpoint, but I have to admit that, unless I have got this wrong, I shall have to divert from his stance. Is he seriously suggesting, for example, that cafés and pubs should be able to place their furniture on our high streets and throw litter on the ground in the sure and certain knowledge that the local authority would clear it up at its own cost? Surely the "polluter pays" principle should pertain in such circumstances. If a café has chairs and tables on the street, is it not reasonable to expect the proprietor, who is making a profit out of the enterprise, to take responsibility for clearing up the mess?

Philip Davies: I think that my hon. Friend the Member for Brigg and Goole (Andrew Percy) addressed that point. His local authority actively encouraged this kind of activity because it helped to keep the streets clean and tidy. The best thing I can say about the clause,

[Philip Davies]

which I am seeking to delete, is that it is a solution looking for a problem. My hon. Friend made it clear that there is not a problem, and that more businesses should be encouraged to make use of street furniture.

Andrew Percy: Powers already exist to deal with any problems with street furniture. This can be done through the planning system or the licensing system. It can also be done using environmental or antisocial behaviour legislation. The tools already exist to deal with people who are creating a problem but, generally, businesses are just trying to make a living and to do the best for their customers and their communities. If local authorities need to tackle any problems, they can do so using existing legislation.

Philip Davies: I absolutely agree. Plenty of legislation is available to local authorities if they feel so strongly about these matters. Surely it should be our principle that we use existing legislation first, before introducing any more.

Mr Nuttall: The answer lies in section 93 of the Environmental Protection Act 1990, which relates to clause 5. I suspect that this formed part of my hon. Friend's remarks before I arrived in the Chamber.

Philip Davies: Absolutely; I totally agree with my hon. Friend.

The proposals would also affect certain hard-pressed theatres, and the petitions from the Society of London Theatre and the Theatrical Management Association made it clear that their members were already making their own arrangements for the cleaning of pavements in their local areas, and that the basis for an additional charge had not been made clear. We seem to have the ridiculous situation in which businesses could potentially be charged three times for this work: once through the payment of their rates, for which they expect a service in return that they are not being given; a second time through paying to do it themselves, as the local authority is not doing it; and, now, for a third time, they could be faced with the proposed extra charge to deal with any ensuing problem. Businesses are in danger of being charged three times for the same service, which cannot be fair in any shape or form.

We must introduce some common sense into these rules. I hope that my hon. Friend the Member for Finchley and Golders Green will make it clear which, if any, of the amendments he will accept.

Mrs Main: My hon. Friend is making a very powerful point. There is also the possibility, as my hon. Friend the Member for Brigg and Goole (Andrew Percy) said, that areas of London will positively and actively encourage people to use the street space to ensure that the public realm is more attractive for tourism and so on, which will mean that the charges are waived, but, in theory, in other parts of that authority other people could be charged for exactly the same activity. Surely that is inequitable.

Philip Davies: My hon. Friend is right.

I want to bring my remarks to a close, because I am sure that other people have points that they want to raise. I said earlier that my hon. Friends the Members for Bury North and for St Albans knew far more about public toilets than I do, but let me end with the final two amendments tabled by my hon. Friend the Member for Christchurch, amendments 3 and 4. We can cover them very quickly.

Amendment 3 leaves out lines 10 and 11 of the preamble on page one. It would delete:

"It is expedient that the range of premises in London in respect of which street litter control notices can be served should be extended".

That is consequential to my amendment 15, which would delete clause 5. If the amendment were accepted, we would need to leave out those lines from the preamble. Amendment 4 also amends page 1 and the preamble and it leaves out lines 12 and 13, thereby deleting:

"It is expedient that London borough councils should be able to install turnstiles in public conveniences".

As those who have been following the debate closely will know, amendment 16 seeks to strike out clause 6, which relates to imposing turnstiles in public toilets. The amendments are merely consequential so, on that note, I will allow others to let me know their thoughts on the amendments.

I hope that I have been able to make the case that the provisions as they stand are very un-British. It is our responsibility in this House to protect people's freedoms and to improve the Bill by accepting the amendments.

Chris Williamson (Derby North) (Lab): I can give an assurance that I will not be speaking for nearly two hours on this subject; I am sure the House will be relieved to know that. However, I urge hon. Members to oppose the amendments proposed by the hon. Member for Shipley (Philip Davies). Let us recap: every single London borough is in favour of the Bill—

Andrew Percy: Where are the MPs?

Chris Williamson: I shall come on to that point, but let us be clear that every London borough, of every political persuasion, favours the Bill. Surely it is not the role of this House to frustrate the will of the locally elected people who have come together and proposed what I consider to be a perfectly reasonable Bill, which I would have hoped could pass through the House without the objections and the—I believe—spurious arguments that have been put forward to suggest that it will lead somehow a diminution of British freedoms. It is complete nonsense to suggest such a thing.

Andrew Percy: If the hon. Gentleman thinks these provisions are so great, why does he not come to the House and propose a similar Bill to apply to Derby? Does he think they should apply to Derby, and if they should apply to Derby as well as to London, why is there not a Bill for the whole country?

4 pm

Chris Williamson: Here we go again with another red herring from a Member who does not represent a London constituency. Let me address his question about where the London MPs are, because it is pretty significant

that not one of the Members opposing the Bill is from London. We see the hon. Members for Shipley, for Christchurch (Mr Chope), for St Albans (Mrs Main) and for North East Somerset (Jacob Rees-Mogg)—

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We cannot have five Members on their feet trying to intervene at once.

Chris Williamson: I shall give way to the hon. Member for North Wiltshire (Mr Gray).

Mr Gray: I am listening carefully to the hon. Gentleman, who poses an interesting constitutional conundrum: that because a group of local authorities is in favour of something—at least he believes that to be the case; I have not seen any evidence of it—this House should not have the right to consider that matter. Surely it is only reasonable that we, as the sovereign Parliament of the United Kingdom, should have the right to say whether we believe something to be correct and a good thing, even if every local authority is unanimously in favour it.

Chris Williamson: The hon. Gentleman makes a perfectly valid constitutional point, but I thought that his party was in favour of localism and wanted greater local determination on the ground. Indeed, the hon. Member for Harrow East (Bob Blackman) made that point earlier.

Mrs Main: The hon. Gentleman will have to excuse me, but I find it vaguely insulting to hear that my constituents in St Albans, 50% of whom travel into London, will have no concerns about things that may be imposed in London. He might be aware that under the previous Government, much to my chagrin, St Albans was designated as part of the north London arc for planning purposes. To say that I am not concerned about what happens in London is quite specious. We are concerned because many of our constituents will visit London and use the facilities.

Chris Williamson: I hope that the hon. Lady will forgive me, but I did not say she was not concerned about London. I merely pointed out that it was rather significant that every MP who has stood up today to oppose this Bill represents a seat that is not in London. I find that an extraordinary thing for Members from outside London to do, given that every London borough favours the Bill, and it has already undergone considerable scrutiny in this House and the other place. It was scrutinised by a Select Committee, to which the hon. Member for St Albans has referred, and there was a three-hour debate on Second Reading. For goodness' sake, how much more scrutiny does it require?

Philip Davies: That is what we are doing at the moment: scrutinising the Bill. The hon. Gentleman seems to be implying that the Bill relates only to London citizens and residents, but it does not; it applies to anyone who comes to visit London. I do not know what people in Derby do, but people in Shipley certainly come to visit London; many of them do, and I suspect that people from Derby do as well. The Bill will apply as much to his constituents as to anyone who lives in London.

Chris Williamson: That is a fair comment, but in our system of local government, people in London elect the councils to represent them and to take care of boroughs' interests. I repeat that every one of those boroughs has come together in support of the Bill, which has already received considerable scrutiny. Also, many of the provisions in the original Bill have been amended or removed. Indeed, the Bill has been weakened by the removal of some measures—for example, on houses in multiple occupation and on food safety—again on the specious ground that they somehow diminished British freedoms. That argument is complete nonsense; nevertheless, the House has had its say, Members' views have been considered and various amendments have been agreed to. Therefore, in view of the scrutiny to which the Bill has already been subjected and the fact that it has already been considerably modified, I hoped that we could proceed with greater speed today and agree the remaining provisions of the Bill, which is still worth supporting.

Mrs Main *rose—*

Chris Williamson: I can see that the hon. Lady is desperate to intervene.

Mrs Main: Before the hon. Gentleman moves away from the fact that not a single London MP has spoken against the Bill, I note the absolute paucity of Members on the Opposition Benches, and the fact that not one London Member from the Labour party is standing up to defend the Bill.

Philip Davies: It is a big issue in Durham.

Mrs Main: It may be a big issue in some of our constituencies, when our constituents visit London, and we are making those points, but no Opposition Members are prepared to stand up and make any comments whatever; they are not even in the Chamber.

Chris Williamson: If the hon. Lady studies the record, she will see that Members from London on both sides of the Chamber have spoken in previous debates—when, as I have said, the Bill received considerable scrutiny—and made their views well known. So I think that is a fairly unreasonable point to raise.

Andrew Percy: I want to probe the shadow Minister further on the issue of MPs who do not represent London not being allowed to vote on the Bill.

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. I think I have heard enough from both sides. We ought to be discussing the amendments rather than that sort of detail, and I am sure the shadow Minister wishes to deal with them.

Chris Williamson: Thank you for that guidance, Mr Deputy Speaker. I was aiming to get to the substance of the Bill, but have been deflected somewhat by interventions from Conservative Members. However, I did not say that Members from outside London should not be allowed to vote on the Bill at all; nothing could be further from my mind.

I shall move on to the specifics of the amendments on street litter notices. A perfectly reasonable proposition is being advanced. I think the hon. Member for Shipley

[Chris Williamson]

was labouring under a misapprehension, because powers already exist for orders to apply to commercial and retail premises, with the agreement of the Secretary of State. The Bill simply seeks to extend those designations, with the permission of the Secretary of State, to public buildings such as educational establishments and hospitals.

The hon. Gentleman spent a long time talking about smoking litter. As a result of the smoking ban there are now undoubtedly considerable quantities of smoking debris, and it is right and proper that local authorities should have another tool in the locker, as it were, with which to address that very real problem. It does impact on the street scene and the visual amenity of an area. I have pointed out that local authorities are already under considerable strain, given the cuts that have been made to their funding, and if they are to fulfil their obligations to their constituents—and to people from Shipley and Christchurch and every other corner of the United Kingdom who visit London—it is incumbent on those local authorities to find ways of ensuring that the street scene is not despoiled by every sort of litter—particularly smoking litter, which creates a real problem. It would be a significant step in the right direction in improving the street scene and helping local authorities to find other ways of ensuring that they can provide the adequate services that local people in their respective boroughs elect them to provide.

Mr Gray: I thank the hon. Gentleman who is being very generous and is advancing a cogent and interesting argument, but I have two problems. First, he used the expression "another tool in the locker" with regard to these provisions. That is precisely one of the arguments that we are advancing against them: there is already a tool in the locker—the Environmental Protection Act 1990. Why should we require another tool in the locker to achieve something that can be achieved by existing legislation?

Secondly, while I am on my feet, will the hon. Gentleman clarify for us the degree to which the provisions would apply to the parliamentary estate, and the Government estate down Whitehall?

Chris Williamson: I accept that other provisions are available, but they do not necessarily go far enough, and they leave local authorities in a difficult position because of the inadequate resources at their disposal. I repeat that hon. Members should support alternative ways in which authorities can deal with such problems.

Mrs Main: The hon. Gentleman sums up my worries about the measure. Legislation already exists under which a person who drops litter—even a cigarette butt—can be prosecuted or held to account. I am worried that the Bill might introduce a lazy way forward under which a charge regarding cigarette litter would relate to the building that it is in front of, instead of there being a system of wardens or enforcement officers targeting the people who drop the litter. I worry that the Bill shifts responsibility from the individual culprit to a building, and that is a cost-cutting measure if ever I heard one, in so far as only one person is employed to prosecute the owner of a building or a business, and we will not be chasing the people who drop litter.

Chris Williamson: With the greatest respect, the hon. Lady is not living in the real world. If only the avenues that she advocates were available for local authorities, it would be incredibly costly for them to deliver the improvements that the additional measure in the Bill could achieve. She talks about cost-cutting measures, but local authorities are being forced to make significant reductions to their budgets, so it is unreasonable to say that they should not be given this additional tool to help them to fulfil their obligations. We should bear in mind the fact that such a provision already exists for commercial and retail premises. The measure in the Bill would help to ensure that streets were kept clean and tidy, and then the resources that are used to deal with that problem at present could be deployed elsewhere to ensure that the whole street scene was clean and tidy for everyone's enjoyment—local residents and visitors from St Albans and elsewhere.

Mr Greg Knight (East Yorkshire) (Con) *rose—*

Chris Williamson: I must give way to a former Member for Derby North.

Mr Knight: The hon. Gentleman has said three times that some local authorities are short of resources, so he is touching on Conservative Members' concern. Does he share my worry that authorities that are short of resources might use the enhanced penalty charge regime under the Bill to raise the money that they are short of?

Chris Williamson: Her Majesty's Opposition are genuine localists. We trust local government and those who are elected to serve their communities to do the right thing and not to abuse powers. Hon. Members should remember that the Secretary of State's approval will be needed if the powers are to be exercised, so there are sufficient checks and balances in place.

It is incumbent on hon. Members to trust the elected councillors in the London boroughs to use the powers at their disposal responsibly. There is no evidence to suggest that London boroughs behave irresponsibly, and it is unreasonable of those Conservative Members who oppose the Bill to suggest otherwise.

Let me move on to turnstiles—

Mr Gray: What about the parliamentary estate?

Chris Williamson: If I may, I will pass on that question. Perhaps the sponsor of the Bill will clarify the situation.

Mike Freer: I understand that the Palace of Westminster, as a royal palace, would be exempt, but that because Whitehall Government buildings are public buildings, they would be expected to keep their perimeters clean and tidy.

Chris Williamson: I am grateful to the hon. Gentleman for providing that clarification in response to his hon. Friend's question.

4.15 pm

When discussing the provisions for turnstiles in public toilets, the hon. Member for Shipley was—how can I put this kindly?—not correct in suggesting that they would discriminate against disabled people. Perhaps he

was thinking of the old-fashioned turnstiles installed before the Public Lavatories (Turnstiles) Act 1963 was passed, which were removed as a result of that legislation. As the sponsor has made clear, however, what is proposed in the Bill would enable local authorities to obtain fees for the use of public conveniences. We cannot duck the problem—which did not exist when the Bill was being formulated, before the economic downturn—of the huge reduction in the funds available to local authorities. Many public toilets around the country have been closed.

Public toilets are an essential facility. Our population is ageing, and the availability of public toilets is essential to many people who would otherwise be denied access to facilities in city centres, but many public toilets are being closed because of lack of resources. That was happening before the circumstances in which local authorities now find themselves arose. The Bill would in no way discriminate against disabled people and it would allow the London boroughs to levy a charge by installing modern turnstiles, which could help to retain public toilets. That would not only help elderly people but would be beneficial to disabled people and to families with young children, who would find life very difficult without such public facilities.

I fear that if the clause is not agreed, many more public toilets will be closed. That would be highly regrettable, and it would be discriminatory against the very disabled people the hon. Member for Shipley mentioned, as well as elderly people and families with young children.

Philip Davies: The hon. Gentleman is disparaging my comments, but has he read the Select Committee report to which I referred? I remind him that the inquiry was conducted at a time when the Committee's Chairman was a Labour Member, as were the majority of its members. Is he disparaging not only what I said, but what that Labour-dominated Committee put in its report?

Chris Williamson: To be fair, the hon. Gentleman himself said that he had not read the report. Indeed, he said that until the hon. Member for St Albans (Mrs Main) pointed it out today, he had not been aware of its existence. It is a little rich of him to say that he is relying on the report's recommendations today, when he was not previously aware of its existence.

Philip Davies: We cannot allow that to stand. The hon. Gentleman clearly was not listening. I said that I was not aware of the report at the time, but had become aware of it only when I started to look at the Bill. I made it clear that I had read the report; in fact, I quoted extensively from it in my speech. How on earth he can conclude that I had not heard of it until today is beyond me.

Chris Williamson: I am grateful for that clarification. I may have misheard, but I thought the hon. Gentleman told his hon. Friend the Member for St Albans that it was only as a result of her intervention today that he had become aware of the Select Committee report.

Mrs Main: Will the hon. Gentleman give way on that point?

Chris Williamson: I have given way quite a lot already, so if the hon. Lady will bear with me, I will try to make a little progress.

To sum up, for the reasons I have outlined, there is a strong case in favour of the provisions on turnstiles in public toilets. I therefore hope that hon. Members will give the provisions their support.

Mr Gray: The hon. Gentleman is making a thoughtful speech. On the question of public lavatories—I find it difficult to use the word "toilet" myself; I prefer "lavatory"; interestingly, the heading of the clause refers to "toilets", but the body of the clause uses "lavatory"—does he not agree that the provision will lead to regressive taxation? There is no question but that we all want public lavatories to be readily available; the question is how we pay for that. Does the local authority pay for it as a responsibility under council tax or should it be the users who pay? If the cost were £1, £2 or £5, that would be a regressive tax. I do not mind paying that for a lovely, splendid, gleaming public lavatory, but what about the poor young family on benefits with five children? What will they do?

Chris Williamson: I can give the hon. Gentleman the benefit of anecdotal evidence that I have gleaned in speaking to young families, elderly people and disabled people about the retention of public toilets. Of course we would all love to have access to free facilities, but if there is a choice between losing the facility altogether and introducing a modest charge, 100% of the people I spoke to were prepared to pay the charge. As for the charge being prohibitive, we have to trust locally elected representatives to do the right thing. If local people think that their local councils have done the wrong thing, they have the perfect remedy at the ballot box, and can vote them out accordingly.

There are adequate safeguards and there is support for the measure. Yes, in an ideal world, if we could provide facilities across the piece free of charge, I would certainly sign up to that, but in the real world local authorities are under increasing pressure, even before elections, so it is not unreasonable to give them the opportunity to raise finance to maintain those facilities in good order and stop them closing down. All too many public conveniences across the country have closed because of the lack of resources available to the local authority.

Finally, clause 7 refers to "the use of objects" on the public highway. Again, the Bill makes a perfectly reasonable proposal to give local authorities the ability to levy a charge. At the end of the day, businesses using the public highway should not be able to use it to gain an income as a matter of course or right—it should be seen as a privilege. If street furniture is put out in that way, it often adds to the costs that fall on the local authority. Bearing in mind the fact that those businesses gain an additional profit as a result of being given the privilege of putting street furniture on the public highway, it is not unreasonable that local authorities should be empowered to levy a small charge to help pay for the additional costs incurred by the local authority as a direct consequence of that street furniture being put on the public highway. The alternative is to say that the council tax payer should pick up the tab, which would be completely unreasonable.

[Chris Williamson]

I am surprised that some Government Members—I am pleased that this does not apply to all of them—have suggested that the taxpayer should subsidise businesses in that way. That is the wrong thing to do, and a bad principle. On that basis, I support clause 7 and oppose the amendments tabled by the hon. Member for Shipley.

Mr Deputy Speaker (Mr Lindsay Hoyle): I now have to announce the result of the deferred Division on the motion relating to the mayoral referendum for Birmingham. The Ayes were 303 and the Noes were 203, so the Question was agreed to.

I also have to announce the result of the deferred Division on the motion relating to the mayoral referendum for Bradford. The Ayes were 304 and the Noes were 202, so the Question was agreed to.

[The Division lists are published at the end of today's debates.]

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): May I briefly pull together the chains of this debate and address the topics that have been raised? I should say, as a matter of principle, that this is a private Bill. Any local authority, like many other institutions, private and public, is entitled to bring private legislation before the House. It is equally the entitlement of all Members in this House to scrutinise such legislation.

The Government, historically, have taken a neutral stance towards private legislation, and we do so again, as I said when the Bill was debated previously. I simply observe that all the matters that are the subject of this debate are legitimate areas of concern to local authorities. The appropriate stance is not one upon which the Government would seek to impose a blanket or one-size-fits-all view of policy. It is right generally to favour local discretion, but none of that impinges on the right of the House to scrutinise particular pieces of private legislation brought before it.

I merely observe that in relation to smoking-related litter it is, as a matter of policy, the Government's view that the "polluter pays" principle should generally be advanced. In relation to turnstiles in public toilets, it is of course to be noted, as has been observed, that all public conveniences are now subject to the equalities legislation, which requires accessibility of services to disabled people, and I hope, therefore, that my hon. Friend the Member for Finchley and Golders Green (Mike Freer), who speaks on behalf of the promoters of the Bill, will be able to reassure hon. Members who have raised points that anything done, were the House to pass the Bill, would not impinge on that. Clearly, it is important that any kind of turnstile, however described or constructed, is consistent with such legislation.

Philip Davies: I accept that my hon. Friend wants to remain neutral on this because it is private business, but surely he cannot remain neutral on something such as toilets, and whether there should be turnstiles, given that it was his Department in 2008 that produced a strategic guide, "Improving Public Access to Better Quality Toilets". Do the Government still stand by the strategic guide that they issued in 2008? If so, they cannot support clause 6.

Robert Neill: The guidance was produced by the previous Government. It is not the policy of this Government to seek to impose minute controls over the manner in which public lavatories are provided in this country. Nor is there a particularly left or right, in political terms, means of providing public lavatories. I restate what I said: there is a duty upon all local authorities to make provision of such facilities. It is desirable that they do so, and the guidance sets out useful means of achieving that. Equally, the technology in question is not a matter for the Government. We seek to ensure that the technology achieves the broad policy objectives of making proportionate and appropriate facilities available, and that any technology employed is consistent with legislation governing issues such as equalities. I am sure that my hon. Friend the Member for Finchley and Golders Green will be able to address that.

In relation to clause 7 and the placing of objects on the highway, the Department for Transport has already said that it does not object to the clause, provided that there are checks in place to ensure that any costs recovered are reasonable. I hope that my hon. Friend will address that. I simply observe that many hon. Members have spoken and I join them in saying that many people find the development of a café culture in this country to be desirable and enjoyable. One would not wish to see that prejudiced, but that is not say that the area is not a matter of legitimate concern for local authorities. The whole purpose is to achieve a proper balance and equilibrium in this matter, and to ensure, particularly in the current climate, that any charging regime is used with care and discretion so that—this is the Government's general view—any charging is not disproportionate or excessive, and does not place undue burdens on business so as to get in the way of the desire that I am sure all would share to encourage growth and enterprise, particularly in the leisure and small business sector. Having stated the Government's position, without further ado, I am content to leave the House to weigh up those matters.

4.30 pm

Mrs Main: I congratulate my hon. Friend the Member for Shipley (Philip Davies) on his forensic evaluation of the measure and rise to support his amendments. I have listened with growing concern about the lack of justification for the use of a sledgehammer to crack this particular nut. I am amazed that the hon. Member for Derby North (Chris Williamson), who tried to defend the proposal, could not answer some of the significant questions he was asked. I have heard of no pilot study showing an attempt to deter bad behaviour, such as the dropping of cigarette butts, and facilitate good behaviour, such as the provision of ashtrays and similar street furniture. Let us be realistic. It is only a relatively short time since the previous Government put in place new regulations that led to more smoking outside, but local authorities have not had time to catch up with the fact that people are dropping cigarette butts because there is a lack of places to put them. Many local authorities have recognised that.

I do not think that we need new legislation to burden businesses with additional costs. We should be encouraging local authorities to work with local people to ensure sensible, reasonable and proportionate behaviour, but this is not a sensible, reasonable or proportionate proposal. Businesses might suddenly have an additional charge

placed upon them so that they have to clean up a stray cigarette butt that someone has casually thrown out of a car window. It should be the polluter who pays. I am pleased that my hon. Friend the Minister said that the Government's position is that the polluter should pay. This proposal is not that the polluter should pay, but that the poor sap who ends up with litter in front of his door should pay, which I think is outrageous.

As my hon. Friend the Member for Shipley said, big businesses can often swallow such charges. They shrug and say, "Yet another piece of legislation placed on our shoulders, but we'll cope." That is not the case for small businesses. Smaller businesses often have smaller premises and are shut at night, and in the morning they might find a whole raft of cigarette butts to clean up because they are down an alleyway or in a smaller part of town. Many of the smaller businesses in St Albans are down small, historic streets and suffer from antisocial behaviour, such as people urinating at night or dropping cigarette butts. I do not believe that those businesses, many of which take pride in their premises and already clean up in the morning, should have to pay a financial penalty for something that is in no way their fault.

I know that other hon. Members want to speak on the matter, but I do not think that any justification has been given today for creating more legislation. I am a natural conservative and believe that we should be chopping regulations. I thought that we had a pledge that for every bit of new legislation that came in we would throw out another, but this is another regulation on the businesses, particularly small businesses, that we are supposed to be supporting. There is no getting away from it: this has to be a money-generating scheme for local authorities.

Mr Gray: I am listening carefully to my hon. Friend, as I did to my hon. Friend the Member for Shipley (Philip Davies). With regard to the "polluter pays" principle, she is right to say when a cigarette is casually dropped by a passerby, it is clearly impossible for that polluter to be charged. None the less, is there not some merit in the principle that the vicarious polluter should pay? In other words, there could be a café on the pavement or a cheap McDonald's food takeaway outlet, and even though it may not be McDonald's itself that has dropped a piece of litter on the pavement, it would be reasonable to presume that it had made a profit from providing the hamburger to the person who dropped the litter. It is therefore not unreasonable that it should be asked to pay for clearing it up.

Mrs Main: My hon. Friend makes a valuable point, and I never thought that I would be speaking up to defend McDonald's, but that is exactly what happens in St Albans already. McDonald's, Sainsbury's with its carrier bags, and other big companies recognise the issue, work with the local council and help towards paying up. Sainsbury's recognises that, if one of its carrier bags has drifted up against a fence 100 yards away from its supermarket, it will still help the local authority to clear it up—and is willing to do so. It is the poor small businesses that cannot carry the can. With huge businesses such as McDonald's, people say, "That's their packet, thrown away 100 yards or so from the restaurant," but that is recognised, so often it will help local authorities to clear up and to contribute towards schemes that do so.

The clause will, however, penalise small businesses. What about them? If we were to have, as one of my hon. Friends proposed, separate legislation for branded litter, we might find it easier to enforce, but that is not what the clause is about—unless we are going to chase Marlboro and ask it to pay. The person who drops the litter should ultimately be responsible, and if that means better council surveillance and the recognition that it has to clean those areas more, so be it. Small businesses should not have to pick up the tab.

Mr Gray: I used a slightly bad example in my previous intervention by citing a big business and talking about McDonald's; my point was the vicarious polluter pays. Let us imagine that a small business, such as a café, is set up on the streets of St Albans, and around its tables there is an increase in litter. Surely the reasonable presumption is that its customers have produced it and, therefore, that the café will have written into the cost of creating the cup of tea and sticky bun a cost to cover clearing up the litter.

Mrs Main: My hon. Friend makes a valuable point, but I—and others in the debate have made this point—am not aware of any business that would want to serve its customers in a pigsty. Most cafés and small businesses take great pride in what happens outside their premises, but the Bill deals with litter that has been dropped and, in particular, with cigarette butts, not with the tomato on the floor which has come out of someone's BLT from their local shop.

Philip Davies: Do we not return to the point that, if this is an issue, it is an issue throughout the country? On that basis, therefore, the House should propose legislation that applies everywhere in the country. The issue does not apply only to London, so it is completely unnecessary and undesirable to introduce such legislation for London only.

Mrs Main: My hon. Friend makes the point that this is private business and it nominates only London, but the point I am trying to make, which he made eloquently earlier, is that the clause is a sledgehammer to crack a nut. It is not necessary, and there is plenty of regulation.

Chris Williamson: The hon. Lady contradicts her own argument, because she says that businesses would not want to serve food and drink in a pigsty, implying that they already keep such areas clean and tidy. So I do not understand her objection to the clause.

Mrs Main: My objection to the clause relates, in particular, to smaller premises. We have talked a great deal about cigarette butts, but the clause deals with litter that has been deposited on those premises not necessarily by the businesses themselves—and they will be charged. This point has been made umpteen times: most responsible businesses keep their premises clean anyway; we have enforcement officers from the council who go around and can speak to businesses that are not operating in such a fashion; and current legislation and levers can be employed to tackle the issue.

Philip Davies: On my hon. Friend's exchange with our hon. Friend the Member for North Wiltshire (Mr Gray), will she bear in mind that such provisions already apply

[Philip Davies]

to commercial and retail premises? The Bill, however, seeks to extend them to any premise other than a dwelling. McDonald's and others are already covered by the law. This Bill will extend that provision to other organisations totally unrelated to selling the things that my hon. Friend the Member for North Wiltshire talked about.

Mrs Main: I thank my hon. Friend, because this debate has been going for some time, and he did make that point quite cogently at the beginning.

Principally, when we have argued about the amendment, we have addressed cigarette butts and the fact that outside premises such as an estate agent or an office, which does not serve food and drink or use wrappers, those butts will be considered litter and, therefore, be directly attributed to those premises.

Chris Williamson *rose—*

Mrs Main: I shall not give way; I wish to expand my point.

My point is that small businesses that see a pile of littered cigarette butts outside but do not have smokers on their premises will be held directly responsible for clearing up those butts because they have been dropped outside their front door. That, to me, is as unfair as when poor St Albans residents find that things have been thrown into their gardens by loutish people walking home at night. It is not reasonable that a business will have to pay for this in addition to what it already pays the local council to keep its streets and premises clean.

Chris Williamson: The truth is that local authorities can already apply this provision to retail and commercial properties, as the hon. Member for Shipley (Philip Davies) said. The proposal will extend it to public buildings. If the hon. Lady objects to the powers that are currently available to local authorities to insist on commercial and retail premises tidying litter away, she should put forward an alternative piece of legislation to repeal those powers.

Mrs Main: The hon. Gentleman is trying to lead me down corridors. He has not come forward with a single type of premises that would not be covered reasonably under the legislation that we already have. That is the nub of the matter. We are introducing something that is totally superfluous and unnecessary. There is plenty of legislation for local authorities to use. I support my hon. Friend the Member for Shipley on the amendment because it is sensible, reasonable and proportionate.

I am sorry to say that I want to return to the issue of toilets. It was abundantly clear from the hon. Gentleman's weak argument that he had not read the Communities and Local Government Committee report. He certainly had not read all the supporting information that was brought to the Committee.

Philip Davies: I hope that my hon. Friend is talking about the hon. Member for Derby North (Chris Williamson).

Mrs Main: I am. My hon. Friend the Member for Shipley was obviously well versed in the report.

If the hon. Member for Derby North had read the report and the supporting evidence that was given to the Committee, he would have seen that charging was dealt with in the report. It was deemed to be a matter for the local authority. If he had read the evidence, he would have known that one can never charge enough to make toilets pay. What people are prepared to pay—whether it is 10p, 20p or 50p—does not cover the cost of running any public toilet. The report left charging to the discretion of the local authority, but it expressly said that we should do away with all turnstiles, even turnstiles in stations. The report dealt with that dilemma.

Although the Committee received representations from many groups representing people with disabilities, those with urge incontinence, the aged and people on low incomes saying that charging for toilets was unreasonable when people already pay car parking charges when they go into city and town centres, the report accepted that to impose a regulation that said that toilets must be free would be unreasonable for many local authorities. It did not accept that there was a need for turnstiles.

Fundamentally, we have to believe the 2008 report because it is the biggest listening exercise that we have on people visiting public conveniences and it specifically looks at London. This proposal is contrary to all the evidence that was received at that time. It was accepted that charging was acceptable, but it was not accepted that turnstiles were acceptable. This proposal brings the two together. If people wish to charge for the use of London toilets, so be it. I might not think that it is a good idea and other people might not think that it is a good idea, but I am realistic enough to accept that the taxpayer might have to claw back some of the cost of the provision for tourists and all the people who come into towns and cities. However, some turnstiles were abandoned under the 1963 Act and the 2008 report stated that all turnstiles should be abandoned. That is the most recent thing that we have and it was produced by a Committee that had a Labour Chair, Phyllis Starkey, and was dominated by Labour Members.

To introduce turnstiles in whatever shape or form—not necessarily the little winding things that we walk through—would be a retrograde step. The Committee did not specify a type of turnstile; we said no to all turnstiles. I therefore suggest that the hon. Member for Derby North has not read the evidence of the people who came to the Committee and said that they found the toilets in London appalling.

Philip Davies: Just to make it clear that I have read the report, I have a copy of it here. Will my hon. Friend make it clear that the report was agreed by the Committee unanimously? There was no division along party lines. People across the parties agreed with the report unanimously.

Mrs Main: I thank my hon. Friend for reminding me of that. In fact, one might ask why we did a report on public toilets. *[Interruption.]* Yes, we were desperate. I seem to remember that it was because it had been highlighted to us that the state of the toilets in London was a problem. We heard every joke under the sun: "flushed with success", "a penny for our thoughts", and so on. However, it was amazing—

Mike Freer *claimed to move the closure (Standing Order No. 36).*

Mr Deputy Speaker (Mr Lindsay Hoyle): I think I can be tempted to put the Question because we have been debating this group of amendments for more than two hours. In fact, it has probably been more than three hours, if I remember rightly, given the debate that was started by Mr Chope last time. I therefore think that we should test the will of the House.

Question put forthwith, That the Question be now put.

The House proceeded to a Division.

Mr Deputy Speaker: I ask the Serjeant at Arms to investigate the delay in the No Lobby because there seems to be a blockage.

The House having divided: Ayes 276, Noes 10.

Division No. 443] **[4.45 pm**

AYES

Abbott, Ms Diane
Adams, Nigel
Afriyie, Adam
Allen, Mr Graham
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Ashworth, Jonathan
Bain, Mr William
Baker, Steve
Barron, rh Mr Kevin
Barwell, Gavin
Bayley, Hugh
Beith, rh Sir Alan
Benn, rh Hilary
Berry, Jake
Betts, Mr Clive
Bingham, Andrew
Blackman, Bob
Blenkinsop, Tom
Blomfield, Paul
Blunt, Mr Crispin
Bottomley, Sir Peter
Bradley, Karen
Bradshaw, rh Mr Ben
Brady, Mr Graham
Brake, rh Tom
Brazier, Mr Julian
Brennan, Kevin
Bridgen, Andrew
Brooke, Annette
Brown, rh Mr Nicholas
Browne, Mr Jeremy
Bruce, Fiona
Burns, rh Mr Simon
Burrowes, Mr David
Byles, Dan
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Cash, Mr William
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Clwyd, rh Ann
Collins, Damian
Colvile, Oliver
Crabb, Stephen
Crausby, Mr David
Creasy, Stella
Crockart, Mike
Crouch, Tracey
Cunningham, Alex
Cunningham, Tony
Dakin, Nic
Davies, Glyn
de Bois, Nick
Djanogly, Mr Jonathan
Donohoe, Mr Brian H.
Dowd, Jim
Doyle, Gemma
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Durkan, Mark
Eagle, Ms Angela
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Esterson, Bill
Eustice, George
Evans, Graham
Fabricant, Michael
Fitzpatrick, Jim
Foster, rh Mr Don
Fovargue, Yvonne
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fuller, Richard
Gapes, Mike
Garnier, Mr Edward
Garnier, Mark
George, Andrew
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Gilmore, Sheila
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grayling, rh Chris
Green, Damian
Greenwood, Lilian
Grieve, rh Mr Dominic
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hamilton, Mr David
Hammond, Stephen
Hands, Greg
Hanson, rh Mr David
Harper, Mr Mark
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Heath, Mr David
Hemming, John
Herbert, rh Nick
Hilling, Julie
Hinds, Damian
Hollingbery, George
Hopkins, Kelvin
Horwood, Martin
Howarth, Mr Gerald
Hughes, rh Simon
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
James, Margot
Jamieson, Cathy
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Graham
Jones, Mr Kevan
Jones, Mr Marcus
Jones, Susan Elan
Joyce, Eric
Kawczynski, Daniel
Keeley, Barbara
Kelly, Chris
Kirby, Simon
Lamb, Norman
Lancaster, Mark
Latham, Pauline
Lazarowicz, Mark
Leadsom, Andrea
Lee, Jessica
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Leslie, Chris
Letwin, rh Mr Oliver
Lidington, rh Mr David
Lloyd, Stephen
Llwyd, rh Mr Elfyn
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Love, Mr Andrew
Lucas, Caroline
Macleod, Mary
MacShane, rh Mr Denis
Malhotra, Seema
Mann, John
Maynard, Paul
McCabe, Steve
McCartney, Jason
McFadden, rh Mr Pat
McGovern, Jim
McKenzie, Mr Iain
McLoughlin, rh Mr Patrick
McVey, Esther
Menzies, Mark
Miller, Andrew
Milton, Anne
Moon, Mrs Madeleine
Morgan, Nicky
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, David
Mosley, Stephen
Mudie, Mr George
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
O'Brien, Mr Stephen
Offord, Mr Matthew
Onwurah, Chi
Opperman, Guy
Ottaway, Richard
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Phillips, Stephen
Pincher, Christopher
Pound, Stephen
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Raynsford, rh Mr Nick
Redwood, rh Mr John
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robertson, Mr Laurence
Robinson, Mr Geoffrey
Rogerson, Dan
Rosindell, Andrew
Rotheram, Steve
Ruane, Chris
Ruddock, rh Dame Joan
Russell, Sir Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Sarwar, Anas
Seabeck, Alison
Selous, Andrew
Shannon, Jim
Simmonds, Mark
Skidmore, Chris
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Miss Chloe
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spellar, rh Mr John
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stuart, Mr Graham
Stunell, Andrew
Swayne, rh Mr Desmond
Swinson, Jo
Syms, Mr Robert
Tami, Mark
Tapsell, rh Sir Peter
Thomas, Mr Gareth
Thurso, John
Timms, rh Stephen
Tomlinson, Justin

Twigg, Derek
Tyrie, Mr Andrew
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walley, Joan
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wicks, rh Malcolm
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Chris
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wilson, Sammy
Wollaston, Dr Sarah
Woodcock, John
Wright, David
Wright, Simon
Young, rh Sir George

Tellers for the Ayes:
Mr Shailesh Vara and Jeremy Wright

NOES

Davies, Philip
Dodds, rh Mr Nigel
Hollobone, Mr Philip
Knight, rh Mr Greg
Main, Mrs Anne
McCrea, Dr William
Mills, Nigel
Percy, Andrew
Reckless, Mark
Smith, Henry

Tellers for the Noes:
Mr David Nuttall and Jacob Rees-Mogg

Question accordingly agreed to.

Question put accordingly, That the amendment be made.

The House proceeded to a Division.

Mr Deputy Speaker (Mr Nigel Evans): I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House divided: Ayes 16, Noes 159.

Division No. 444] [5.1 pm

AYES

Andrew, Stuart
Bridgen, Andrew
Cash, Mr William
Clifton-Brown, Geoffrey
Davies, Philip
Dodds, rh Mr Nigel
Knight, rh Mr Greg
McCrea, Dr William
Mills, Nigel
Percy, Andrew
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Robertson, Mr Laurence
Watts, Mr Dave
Wilson, Sammy

Tellers for the Ayes:
Mrs Anne Main and Mr David Nuttall

NOES

Abbott, Ms Diane
Afriyie, Adam
Ali, Rushanara
Allen, Mr Graham
Amess, Mr David
Andrew, Stuart
Ashworth, Jonathan
Bain, Mr William
Baron, Mr John
Bayley, Hugh
Beith, rh Sir Alan
Benn, rh Hilary
Betts, Mr Clive
Bingham, Andrew
Blackman, Bob
Blenkinsop, Tom
Blomfield, Paul
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Brennan, Kevin
Brooke, Annette
Brown, rh Mr Nicholas
Bruce, rh Malcolm
Byles, Dan
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, rh Sir Menzies
Collins, Damian
Colvile, Oliver
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Crouch, Tracey
Cryer, John
Cunningham, Alex
Cunningham, Tony
Dakin, Nic
de Bois, Nick
Donohoe, Mr Brian H.
Dowd, Jim
Ellison, Jane
Esterson, Bill
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Foster, rh Mr Don
Fovargue, Yvonne
Freer, Mike
Fuller, Richard
Gapes, Mike
Gilbert, Stephen
Gilmore, Sheila
Glen, John
Goldsmith, Zac
Greenwood, Lilian
Griffith, Nia
Gyimah, Mr Sam
Halfon, Robert
Hamilton, Mr David
Hanson, rh Mr David
Harris, Rebecca
Harris, Mr Tom
Haselhurst, rh Sir Alan
Hemming, John
Hinds, Damian
Hollobone, Mr Philip
Hopkins, Kelvin
Hughes, rh Simon
Huppert, Dr Julian
Jamieson, Cathy
Jenkin, Mr Bernard
Johnson, Gareth
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Mr Marcus
Keeley, Barbara
Kirby, Simon
Latham, Pauline
Lavery, Ian
Lazarowicz, Mark
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Leslie, Chris
Lloyd, Stephen
Llwyd, rh Mr Elfyn
Long, Naomi
Lord, Jonathan
Love, Mr Andrew
MacShane, rh Mr Denis
Malhotra, Seema
McCabe, Steve
McCartney, Jason
McGovern, Jim
Moon, Mrs Madeleine
Mordaunt, Penny
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, David
Mosley, Stephen
Munt, Tessa
Nokes, Caroline
Offord, Mr Matthew
Ottaway, Richard
Parish, Neil
Patel, Priti
Phillips, Stephen
Pound, Stephen
Pritchard, Mark
Raynsford, rh Mr Nick
Reid, Mr Alan
Rogerson, Dan
Rosindell, Andrew
Rotheram, Steve
Ruane, Chris
Ruddock, rh Dame Joan
Russell, Sir Bob
Sanders, Mr Adrian
Sarwar, Anas
Shannon, Jim
Sheerman, Mr Barry
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Henry
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spellar, rh Mr John
Stewart, Bob
Stewart, Iain
Stuart, Mr Graham
Syms, Mr Robert
Tami, Mark
Thornberry, Emily
Thurso, John
Timms, rh Stephen
Tomlinson, Justin
Twigg, Derek
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whitehead, Dr Alan
Whittaker, Craig
Whittingdale, Mr John
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Chris
Willott, Jenny
Wollaston, Dr Sarah
Woodcock, John
Wright, David

Tellers for the Noes:
Heidi Alexander and Charlie Elphicke

Question accordingly negatived.

Jacob Rees-Mogg: I beg to move amendment 22, to leave out clause 9.

Mr Deputy Speaker (Mr Nigel Evans): With this it will be convenient to take amendments 23, 24, 41, 25 to 28, 42, P1, 29, 30, 43 to 45, 31, 46, 47, 32, 48, 49, P2, 33, 60, 51 to 55, 34, 56 to 58 and P40.

Jacob Rees-Mogg: As you know, Mr Deputy Speaker, I have tabled a number of amendments and have also put my name to a number of others. I would like, if I may, to start by outlining why they have been proposed. The simple reason is that the Bill as drafted is extraordinarily illiberal and seeks to extend the powers of the state into the nooks and crannies of people's lives as they carry out otherwise lawful activities that would be banned by the Bill, unless the amendments are passed.

I remind hon. Members of what was said in the Conservative party manifesto about protecting civil liberties. We said:

"Labour have subjected Britain's historic freedoms to unprecedented attack. They have trampled on liberties…giving public bodies extraordinary powers to intervene in the way we live our lives.

The impact of this has been profound and far-reaching. Trust has been replaced by suspicion."

The amendments I have tabled with many of my hon. Friends aim to restore that trust and to ensure that what is done is proportionate and that civil liberties are maintained. You will not be surprised to know, Mr Deputy Speaker, that some of those civil liberties go as far back as the Magna Carta and they are being undermined by the clauses that we are discussing.

Under the clauses, unidentified officers of councils who might or might not show identification may confiscate things from people, directly contrary to the Magna Carta, which states:

"No free man shall be taken or imprisoned or dispossessed, or outlawed or exiled, or in any way destroyed…except by the lawful judgement of his peers or by the law of the land."

This is not the law of the land, it is the law of some minor council official—some minor bod—going around and confiscating people's goods without having the proper authority to do so, a proper process by which to do it or a legitimacy that would give people confidence in the laws we are passing in this Parliament.

Philip Davies: I agree with my hon. Friend wholeheartedly. During a previous discussion on this Bill, he proposed that those council officials should wear bowler hats. If they identified themselves with a bowler hat, would he be happy for them to take on these powers?

Jacob Rees-Mogg: I am extremely grateful to my hon. Friend for raising that point, because I specify in amendment 60, which has been selected, that these officers of the council should be in uniform when they carry out their duties. I have left it to the discretion of the council to determine what those uniforms should be.

Andrew Percy: That is localism.

Jacob Rees-Mogg: Absolutely right. I thought it might not be a bad idea if they had the relevant council's coat of arms.

Mrs Main: Does my hon. Friend have any suggestions as to how this would be promoted, because my constituents, should they come down to London, might not be aware of the purpose of these people in bowler hats or other uniforms and might not be aware of their powers in the regulations.

Jacob Rees-Mogg: I am very sympathetic to what my hon. Friend says, and I add that many of my amendments take chunks out of the Bill. Therefore, visitors from St Albans, North East Somerset and all over the country—from Leeds, indeed, where the shadow Minister is from—

Chris Williamson: Derby.

Jacob Rees-Mogg: Derby—I am so sorry. Those visitors would not be caught out by all sorts of strange people. *[Interruption.]* I do know where Shipley is.

Mike Gapes (Ilford South) (Lab/Co-op): Has the hon. Gentleman or any of his colleagues who oppose this legislation had discussions with the Mayor of London about whether he thinks the Bill should be supported or blocked?

Jacob Rees-Mogg: I am very grateful for that intervention. The Mayor of London is a man whom I admire enormously and whose writ I should think runs across the whole of London and probably should run across the world. However, he stood down from this Parliament and it therefore is not fitting that his views should be authoritative. In this instance, I do not happen to know what they are.

Philip Davies *rose—*

Jacob Rees-Mogg: Perhaps my hon. Friend does.

Philip Davies: I certainly do not know what they are, but perhaps my hon. Friend ought to listen to the hon. Member for Ilford South (Mike Gapes) because no doubt he has just come from a meeting with the Mayor of London. He certainly was not here when we debated the first group of amendments, but he seems to think that this is very important.

Jacob Rees-Mogg: I completely agree.

Mike Gapes: I was watching the proceedings from my office, and I could not believe that any Member of Parliament who had the best interests of London at heart could possibly oppose the proposals, which are supported by Labour members, Conservatives and Liberal Democrats in local government all over London, as well as by the Greater London Authority. It is only neanderthals and people who have no idea of what is in the interests of our capital city who oppose the Bill.

Jacob Rees-Mogg: Now we see the true face of socialist authoritarianism coming into the House. Those people do not bother with debating in this Chamber. No, they sit watching television in their eyries above and then they condescend to come down and they deign in all their fine glory to say to us that we from Somerset, from Hertfordshire and from other great counties across the country should not have a say in the legislation that affects the law of the land. This is the type of authoritarianism and nanny-stateism that we have come to expect from the socialist.

Let me refer to clause 20(2), which we propose to pull out of the Bill because it is a singularly nasty measure. What it says, Mr Speaker, although I am sure I do not need to remind you, is that if somebody wishes to sell

[Jacob Rees-Mogg]

their car throughout all the boroughs of Greater London, advertises it on the internet and then puts it outside their house, they will be committing an offence.

Mike Freer: I hate to correct my hon. Friend because I so enjoy his perorations in the Chamber but he is incorrect. It is not intended that a householder selling their own vehicle outside their own house should be captured by the measure. It is only vehicle traders who in the course of a business sell vehicles on a residential street, using the internet, who will be caught—not residential households.

Jacob Rees-Mogg: That may not be what is intended, but it is, unfortunately, what is said and it is what is described in the notes written by the promoters of this Bill in relation to part 4 on licensing.

5.24 pm

Three hours having elapsed since the commencement of proceedings on the Bill, the Deputy Speaker interrupted the business (Order, 19 January).

Bill to be further considered on Tuesday 31 January.

Mrs Anne Main (St Albans) (Con): On a point of order, Mr Speaker. I seek your guidance. Is it appropriate parliamentary language for a Member of Parliament to call other hon. Members neanderthals, particularly when they have not even been anywhere near the debate or participated or engaged in it? Do you think that that is a somewhat judgmental statement?

Mr Speaker: Well, I think if we are going to have a prohibition on judgmentalism, we are setting ourselves rather than exacting test. What I would say to the hon. Lady is twofold. First, I am not aware, though it is not relevant to the appropriateness of her point of order, who the target of this intended abuse was—although I could try to speculate about it—but secondly, if the target of the intended abuse is at least one Member that I can think of, I rather imagine that far from complaining about it, he will take it as the greatest possible compliment that has ever been paid to him.

Jacob Rees-Mogg (North East Somerset) (Con) *rose—*

Mr Speaker: I choose randomly for a point of order. Mr Jacob Rees-Mogg.

Jacob Rees-Mogg: On a point of order, Mr Speaker. I think many hon. Members would consider being called neanderthals remarkably modern.

Mr Speaker: I note the hon. Gentleman's value judgment, and indeed his sense of humour. If there are no further points of order, we come now to the petition.

PETITION

School Buildings (Runcorn)

5.25 pm

Derek Twigg (Halton) (Lab): This petition comes about because the Government cancelled the Building Schools for the Future programme, from which my constituents in Halton would have significantly benefited in terms of their schools. One of the schools that lost out, which would have had a brand-new building as a result of Building Schools for the Future, was the Heath school in Runcorn. There are 266 petitioners, and the petition reads as follows:

The Petition of parents, staff and students at The Heath School and others in their community.

Declares that the petitioners are concerned about the poor state of the school's buildings and accessibility for disabled people, and the small size of the classrooms, when considering future school capital spending allocations.

The Petitioners therefore request that the House of Commons gives consideration to any motion expressing concern at poor built environment in some schools, and requests that the Leader of the House and the Back Bench Business Committee schedule a debate on school buildings and facilities, and school capital expenditure.

And the Petitioners remain, etc.

[P000996]

North Sea Oil and Gas

[Relevant document: Oral and written evidence taken by the Energy and Climate Change Committee, on Implications for the North Sea Oil and Gas Industry of the Budget 2011, HC 1018-i and -ii.]

Motion made, and Question proposed, That this House do now adjourn.—*(Michael Fabricant.)*

5.27 pm

Nicholas Soames (Mid Sussex) (Con): Thank you, Mr Speaker, for allowing this short Adjournment debate on North sea oil and gas taxation. It is a very serious and important matter. It is not one with which I have previously been concerned, but I think the Economic Secretary should know that I was invited to a briefing the other day, given by the oil industry, on the impact of taxation changes in the North sea and it excited my interest. I had always been aware of what a very substantial business it was but had no idea of how very important it is to the United Kingdom economy on the scale of employment and other matters, and I thought it right to bring the matter to the attention of the House. I am therefore, as I said, very grateful to you, Sir, for allowing the debate.

The United Kingdom is indeed fortunate to be endowed with significant resources of oil and gas. Over the years, hundreds of millions of pounds of hard-earned, always risky and sometimes very courageous investment and endeavour have allowed the nation to realise these resources, and for the British people to enjoy the substantial benefits of employment, sophisticated and high-level skills at all levels of the skill chain, tax revenues and balance of payments, and to develop a leading position in the global oil and gas supply chain—all of which has stood this country in good stead down the recent years.

Figures for 2011 show that around £16 billion was spent by the oil and gas industry on exploration, development and operations. This included £8 billion in new capital investment, an increase of 25% over 2010. I know that the Economic Secretary will agree that in anyone's terms these are massive numbers, and thus once again make the oil and gas sector the single largest investor of all the industrial sectors in the United Kingdom.

The positive benefits of this remarkable industry are not confined to Scotland. They extend throughout the United Kingdom, supporting employment for more than 400,000 people, and those jobs are widely distributed throughout the whole country. Unsurprisingly, of course, a substantial proportion—45% in fact—are in Scotland, but that means that 55% of the jobs, which is the majority, directly benefit employment throughout the rest of the UK.

The taxes forecast to be raised from the industry in 2011-12 include some £6 billion in income tax, national insurance contributions and corporation tax paid by the supply chain companies, with an additional £11 billion from taxes on production itself. That amounts to 25% of all the corporation tax received by the Exchequer. The production of indigenous oil and gas improved the balance of payments by £35 billion in 2011, thus halving the trade deficit, and the supply chain added another £5 billion to £6 billion with exports of oilfield goods and services. Incidentally, that aspect of the industry is doing extremely well here and overseas, and it is flying the flag for Britain effectively.

At a time when Britain above all else needs growth and the energetic encouragement of inward investment, I regret to have to say to the Economic Secretary that all is not well in this crucial sector that is so important to our economy. Production declined by 17% from 2010 to 2011, which was the biggest fall seen by the industry in the past 40 years. As a result, future tax receipts will decrease rapidly without new investment. Receipts for 2011-12 have already suffered a £2.3 billion downgrade due to lower than expected production.

Jim Shannon (Strangford) (DUP): I understand that the reduction in North sea oil production is due to many factors, but one of them is maintenance. There have been many maintenance programmes over the past 12 months. Is the fact that production is down, because maintenance is up, one reason why taxation is down?

Nicholas Soames: The hon. Gentleman raises an important point. I am sure that it is germane, but the decrease that I am highlighting is, in my judgment, due to the taxation regime.

The United Kingdom already imports around 10% of its oil and almost 40% of its gas, and such imports will increase rapidly without the benefit of new investment. The Government's decision in March 2011 to increase tax rates on the industry, which increased the top tax rate to 81% and the corporation tax rate to 62%, is inevitably and regrettably having a chilling effect on the leading indicators of investment.

While total capital investment this year has increased to about £8 billion from £6 billion in 2010, that was largely due to development momentum from previous years. Worryingly, just nine new fields accounted for 40% of the total capital invested and all the development projects were well advanced prior to the tax increase.

The signs of lower investment in the future are already apparent. Indeed, my hon. Friend the Economic Secretary will see from the Department of Energy and Climate Change's latest energy trends analysis a significant impact on drilling activity, with exploration wells down 50% in 2011.

It is from that exploration drilling that the future large capital investments will flow. The March 2011 tax increase reduced the value of future projects by 25% overnight. My hon. Friend knows that the future development of the North sea depends in large part on clever, technical solutions at the very forefront of what is manageable for marginally economic fields, but the increase in the tax rate has rendered many of those future fields uneconomic to develop. That serious matter for the country must be addressed.

I gather from the estimates of Oil & Gas UK, the industry's trade body, that investment of at least £12 billion in more than 1 billion barrels of oil and gas resource will not occur without some stimulus. That is 60,000 jobs that will not be created and a loss of a benefit of £15 billion to £20 billion to the budget deficit as a result of the tax increase.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): I remind the House of my entries in the Register of Members' Financial Interests to do with the oil and gas industry. I intervene to reinforce the right hon. Gentleman's point about the industry's importance not only to the north-east of Scotland, but to the whole of

[Sir Robert Smith]

the United Kingdom. I thank him very much for bringing the spotlight to bear and bringing the message south that it is the whole United Kingdom that would benefit from tax reform.

Nicholas Soames: I am grateful to the hon. Gentleman, whose championship and knowledge of the industry are well known. He emphasises the important point that this is a United Kingdom industry, relevant to the whole country, and therefore even more important than might otherwise be the case.

Oil & Gas UK estimates that a further 1.7 billion barrels of the UK's oil and gas resource would be recovered if the uncertainty about decommissioning reliefs—a very difficult subject—was resolved.

In an industry with highly mobile capital, investment will flow to other, more attractive destinations. We must not let that happen. Further repeated change in the taxation regime of this vital UK industry is causing great uncertainty in the boardrooms of both the international and the home-grown companies involved in all sectors of the industry. That inevitably has a further unhelpful impact on inward investment, at a time when we should be doing all we can to attract that investment, as well as the jobs, the tax receipts and the balance of payments benefits that come with it. I am sure the Economic Secretary agrees that doing that is even more important given the Government's genuine determination to generate greater growth in the economy, without which many of the difficult problems we face cannot be dealt with.

I am aware that discussions are ongoing between the Treasury, the Department of Energy and Climate Change and the industry to try to find ways to stimulate investment, and I welcome that. I ask the Economic Secretary to confirm that she understands—I know she does—the serious impact on inward investment being caused by the tax increase and other adverse changes in taxation, and the damage to the future tax base and future tax receipts. Further, will she confirm that the Treasury will give serious and detailed consideration to measures to protect future investment through extensions to tax allowances and giving certainty on decommissioning reliefs, and see to it that those measures are enacted or headlined in the Budget, to the greater advantage of the British economy in the years to come?

5. 38 pm

The Economic Secretary to the Treasury (Miss Chloe Smith): I am extremely pleased to have the opportunity to discuss this subject in the House at perhaps greater length than I did when my hon. Friend the Member for West Aberdeenshire and Kincardine (Sir Robert Smith) asked me on Tuesday for an update on the ongoing work. I thank him, and, of course, my right hon. Friend the Member for Mid Sussex (Nicholas Soames) for calling for this evening's debate, and for their contributions to it.

My right hon. Friend is absolutely correct: the oil and gas sector makes a huge contribution to the UK economy. He is right to draw out the statistics as he has done this evening. I concur that UK oil and gas provide about two thirds of the UK's primary energy needs, and even as we move into a less carbon-intensive future, they are set to remain a vital part of our energy system for years to come. The Government recognise the crucial role the sector plays in driving jobs and growth. Together, oil and gas contribute about 2% of the country's GDP, and the industry supports about 350,000 jobs directly and indirectly across the UK, as well as another 100,000 in exporting goods and services. Of course, as my right hon. Friend said, it is also source of skills, expertise and technology. Finally, as my hon. Friend the Member for West Aberdeenshire and Kincardine said, oil and gas are a UK-wide concern. Indeed, that has an impact close to my constituency around the coast of Norfolk, where there is a North sea gas industry.

It is vital that we do what we can to maximise the economic recovery of our indigenous hydrocarbon reserves. It is for that reason that the Government remain committed to encouraging investment and innovation in the North sea. We recognise that tax plays an important role in helping us to achieve those objectives. The Government's aim is therefore to shape a tax regime for the North sea that encourages exploration, development and production while ensuring a fair return for the UK taxpayer.

That is not always an easy balance to strike, and at times it can require us to make difficult decisions, to which my right hon. Friend the Member for Mid Sussex has referred. Everyone who listened to the Budget 2011 will understand that. In the Budget the Government sought to soften the impact of record pump prices for car fuel on households and businesses by abolishing the fuel duty escalator and replacing it with a fair fuel stabiliser. We also cut fuel duty by 1p a litre on Budget day. Since then, we took steps in the autumn statement further to ease the burden on motorists to ensure that there will be only one retail prices index increase in fuel duty in 2013. All told, that means that the Government will ease the burden on motorists by approximately £2.5 billion in 2012-13. At a time when businesses and families across the country are coping with extremely difficult economic circumstances it is right that we should support them as best we can through these tough times, including looking at measures that affect the cost of living such as fuel pricing.

Given the economic situation and the state of the public finances, that support must be funded. In the Budget, at a time of exceptionally high oil prices, the Government felt that it was fair that the oil and gas industry should make an additional contribution through an increase in the supplementary charge. Indeed, that increase was voted on in the House.

At the time of the Budget the Government made it clear that although they accepted that some marginal projects might be affected, they did not expect a significant impact on investment or production over the forecast period. To answer the points that my right hon. Friend raised about receipts, investment and the state of the industry, our assessment of the impact on production was supported by the independent Office for Budget Responsibility. Moreover, while the oil price remains well over $100 a barrel, the fair fuel stabiliser means that taxes on oil and gas production will reduce if the oil price falls below a certain threshold.

Indeed, there have been announcements of further significant investment in the basin over the past few months. For example, BP has said that with its partners it will invest almost £10 billion in North sea oil and gas over the next five years. That investment will provide an

extra 3,000 jobs across the oil and gas supply chain. 2012 could be a prosperous year for the North sea. We expect a substantial increase in offshore field approvals over last year's figure, and many other discoveries are being worked up for the years ahead.

None the less, I recognise that those tax changes have not been welcomed by the sector. I understand that, and I acknowledge the recent news suggesting that there were lower levels of exploration and drilling than expected last year. I believe a range of factors contributed to that, and tax is only one part of what my right hon. Friend will accept is a complex situation for businesses seeking to operate in and around the basin.

Tonight's debate gives me an opportunity to tell the House a little more about the way in which we have engaged closely with the industry since the Budget last year to ensure that we fully understand its views on a range of fiscal issues related to investment. Only last week, as my hon. Friend the Member for West Aberdeenshire and Kincardine noted, I chaired the first meeting of a new oil and gas industry fiscal forum. It was attended by the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Wealden (Charles Hendry) and representatives from more than 15 companies across the sector. We had an extremely productive discussion covering the points that my right hon. Friend the Member for Mid Sussex has noted, including decommissioning and field allowances. I believe that the fiscal forum will continue to provide a structured basis for further dialogue between industry and Government on oil and gas tax issues.

We hope this will complement the excellent work already being taken forward by the industry and Government task force, known as PILOT. This group seeks to contribute to the long-term future of the UK continental shelf through initiatives focusing on reducing costs, eliminating barriers and maximising the effectiveness of resources.

In addition to these wider discussions, the Government have been engaging closely with industry to consider changes to specific elements of the tax regime that could unlock additional investment in the basin. For example, in line with our commitment at last year's Budget, we have been working closely with industry with a view to making a further announcement on greater long-term certainty about decommissioning tax relief at Budget 2012. We have also been considering the case for improved or new types of field allowance to act as a further incentive to investment in marginal fields.

Hon. Members here today following the debate will know the range of detail encompassed in the representations made to me and my colleagues by industry, and they will be aware of the number of different proposals put forward under those headings of decommissioning tax relief and field allowances. Following such detailed discussions with industry, we have already increased the rate of the ring-fence expenditure supplement from 6% to 10%, which helps to ensure that existing field allowances work more effectively and equitably.

I am very encouraged by the positive engagement that we have had with industry on these issues. I believe that this sort of constructive dialogue can only be helpful as the UK continental shelf matures and the tax regime has to evolve accordingly. We remain committed to supporting the sector in realising its ambition of fully maximising the growth and jobs potential from our oil and gas industry. Ultimately it is in everyone's interest that we foster a regime that continues to promote investment and harness our mineral wealth effectively, while also ensuring a fair return for the UK taxpayer from this valuable national resource.

Once again, I am very grateful to my right hon. Friend for having brought this debate here tonight and for giving me a short opportunity to expand on some of the valuable work that we have been endeavouring to undertake to support the industry and meet the aims that I know he shares.

Question put and agreed to.

5.46 pm

House adjourned.

Deferred Divisions

Local Government

That the draft City of Birmingham (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.

The House divided: Ayes 303, Noes 203.

Division No. 441]

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Duddridge, James
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Hallon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hermon, Lady
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Lewis, Brandon
Lewis, Dr Julian
Lidington, rh Mr David
Lloyd, Stephen
Llwyd, rh Mr Elfyn
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Metcalfe, Stephen
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr Laurence
Robinson, Mr Geoffrey
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary

Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Young, rh Sir George
Zahawi, Nadhim

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Fovargue, Yvonne
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Goggins, rh Paul
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Havard, Mr Dai
Hendrick, Mark
Hepburn, Mr Stephen
Hillier, Meg
Hilling, Julie
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Irranca-Davies, Huw
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Lewis, Mr Ivan
Lloyd, Tony
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sanders, Mr Adrian
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Williams, Hywel
Williamson, Chris
Wilson, Sammy
Winterton, rh Ms Rosie
Woodcock, John
Wright, David
Wright, Mr Iain

Question accordingly agreed to.

LOCAL GOVERNMENT

That the draft City of Bradford (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.

The House divided: Ayes 304, Noes 202.

Division No. 442]

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard

Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Duddridge, James
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Gummer, Ben
Gyimah, Mr Sam
Hague, rh Mr William
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hermon, Lady
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howarth, Mr Gerald
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Lewis, Brandon
Lewis, Dr Julian
Lidington, rh Mr David
Lloyd, Stephen
Llwyd, rh Mr Elfyn
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Jason
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Metcalfe, Stephen
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robertson, Hugh
Robertson, Mr Laurence
Robinson, Mr Geoffrey
Rogerson, Dan
Rosindell, Andrew
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shelbrooke, Alec
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stanley, rh Sir John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Watkinson, Angela
Weatherley, Mike
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Whittingdale, Mr John
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Young, rh Sir George
Zahawi, Nadhim

NOES

Abbott, Ms Diane
Abrahams, Debbie
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Anderson, Mr David
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davies, Geraint
De Piero, Gloria
Denham, rh Mr John
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Fovargue, Yvonne
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Godsiff, Mr Roger
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Havard, Mr Dai
Hendrick, Mark
Hepburn, Mr Stephen
Hillier, Meg
Hilling, Julie
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Irranca-Davies, Huw
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Lewis, Mr Ivan
Lloyd, Tony
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Moon, Mrs Madeleine
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robertson, John
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sanders, Mr Adrian
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Twigg, Derek
Twigg, Stephen
Umunna, Mr Chuka
Vaz, rh Keith
Walley, Joan
Whitehead, Dr Alan
Williams, Hywel
Williamson, Chris
Wilson, Sammy
Winterton, rh Ms Rosie
Woodcock, John
Wright, David
Wright, Mr Iain

Question accordingly agreed to.

House of Commons

Thursday 26 January 2012

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

ENERGY AND CLIMATE CHANGE

The Secretary of State was asked—

Photovoltaics

1. **Mrs Mary Glindon** (North Tyneside) (Lab): What recent representations he has received on his decision to reduce the feed-in tariff for solar PV. [91726]

12. **Cathy Jamieson** (Kilmarnock and Loudoun) (Lab/Co-op): What recent representations he has received on his decision to reduce the feed-in tariff for solar PV. [91743]

14. **Fiona O'Donnell** (East Lothian) (Lab): What recent representations he has received on his decision to reduce the feed-in tariff for solar PV. [91745]

The Secretary of State for Energy and Climate Change (Chris Huhne): Ministers and officials meet regularly with a range of stakeholders from the solar photovoltaic industry. Details of meetings between Department of Energy and Climate Change Ministers and external organisations are published quarterly on the DECC website. The recent consultation on feed-in tariffs for solar PV closed on 23 December 2011. More than 2,300 responses were received and are being analysed prior to the publication of a full Government response to the consultation in the coming weeks.

Mrs Glindon: The Secretary of State spent more than £66,000 of public money on legal fees, but he is refusing to accept the Appeal Court decision that his plan to cut feed-in tariff subsidy is unlawful. As well as jeopardising the future of the industry by fighting the Court ruling, how much more public money does he intend to waste?

Chris Huhne: I entirely reject the idea that there is no future for the industry. The reality is that we would be able to support at least twice as many installations at the new tariff rate as we could under the old one.

The hon. Lady asks about the costs of the legal cases. I merely point out to her that we are spending a few thousand pounds in order to save consumers £1.5 billion, which is what the cost would have been had we left the case to run. The reality is that the previous Labour Government introduced a scheme that was fundamentally flawed. As with other issues, this Government are putting Labour's mess right.

Cathy Jamieson: Is not the truth of the matter that this episode has led to a frenzy of additional applications? There has been a 1,100% increase in the number of people trying to get systems installed in their homes in a short period of time. Businesses in my constituency tell me that that has caused chaos in the supply chain. Those systems also had to be installed at a time of extremely poor weather in Scotland. What does the Minister say in response to those points?

Chris Huhne: The hon. Lady conveniently omits to mention that the design flaw in the scheme introduced by the Leader of the Opposition ensured that there was absolutely no way of automatically reducing the tariffs in line with what was going on in the real world, despite the fact that other countries—Germany, for example—had introduced such schemes. All we had to do was find out what was happening in Germany and model our scheme on theirs. Did the Labour Government bother to learn those lessons? No. The result is that we have to clean up the mess.

Fiona O'Donnell: It is becoming uncomfortable watching the Secretary of State trying to defend the indefensible. On 31 October, the Minister of State, the hon. Member for Bexhill and Battle (Gregory Barker), told the House that the Government wanted to spread solar power as widely as possible. If that is true, why do the Government's plans exclude almost nine out of 10 households and anyone living in social housing from having solar power?

Chris Huhne: I entirely disagree with the hon. Lady's analysis of what was proposed in the consultation paper. Apart from anything else, she completely ignores the possibility of improvement in the energy efficiency of homes. Ensuring energy efficiency is one thing that we are keen to do.

I simply remind Labour Members that the Leader of the Opposition introduced a scheme at a cost of £7.9 billion. That went directly to consumers, and there was no way whatever of controlling those costs. He so doubted the dynamism of the private sector that he predicted no commercial take-up of solar power in the first three years of the scheme, even while solar costs were tumbling, and he ignored the best practice of the German FITs scheme and failed to include a system of automatic degression. All this Government are doing is clearing up the mess that Labour left behind.

Mr Alan Reid (Argyll and Bute) (LD): One unfortunate knock-on effect of the solar dispute is a delay in the review of FITs for small-scale hydro. Many planned schemes on Argyll and Bute cannot go ahead until that uncertainty is resolved, which is causing severe problems for businesses and community groups. Will my right hon. Friend please do all he can to end that uncertainty as soon as possible so that those vital small-scale hydro schemes can go ahead?

Chris Huhne: I pay tribute to my hon. Friend, who has also raised this issue in correspondence. He is a doughty champion for the interests of those of his constituents who want to go ahead with micro-hydro

and other schemes. I can reassure him that the Government will not let problems with the solar feed-in tariff get in the way. We want micro-hydro and other schemes to take off and will introduce proposals as soon as possible. I hope to be able to do so in February.

Robert Halfon (Harlow) (Con): The Minister may be aware that there are hundreds of Harlow residents in social housing who were promised solar power panels, but the new rate is too low for the scheme to be viable. Will my right hon. Friend tell the House whether he would consider a more generous community rate for the feed-in tariff, even if it was for only a few months?

Chris Huhne: The absolute key to what is happening with solar panels is the collapse in the cost. The idea that something might not be attractive commercially today does not mean that it will not be so in pretty short order. What has been happening over the past 18 months is an enormous increase in the production capacity of China. Essentially, what has happened is that the Henry Ford of solar panels—who happens to be Chinese these days—has introduced the Model T, and we are getting an enormous reduction in costs as a result of economies of scale.

Caroline Flint (Don Valley) (Lab): When the cuts to solar were announced, the Minister of State, the hon. Member for Bexhill and Battle (Gregory Barker) claimed that they would create jobs. Paragraph 73 of the impact assessment, signed off by the Minister on 2 November 2011, says that

"there could be around 1,000 to 10,000 gross additional jobs in this sector in the three years to 2014/15".

Can the Secretary of State confirm today that those 1,000 to 10,000 jobs are not additional jobs, but the total number that the industry will support, which, for a sector that currently employs nearly 30,000 people, means tens of thousands of job losses?

Chris Huhne: What is absolutely crucial for the sector is that there should be a sustainable pathway for growth in the future. What the right hon. Lady has completely failed to address is the fact that if we continued to over-subsidise at the previous rate, we would have fewer than half the installations that we can afford to subsidise today with the new rate. It was not an accident that the British Photovoltaic Association intervened on our side in the courts, precisely as a result of that calculation.

Caroline Flint: Seven times I have asked the Minister of State what these cuts will mean for jobs; seven times he has tried to hide the fact that his cuts will put thousands of people out of work. According to his figures, released on Friday,

"in the 2012/13 to 2014/15 period...the total number of gross full-time equivalent jobs will be 1,000 to 10,000."

That is not additional jobs; that is the total number. Nothing can hide the sheer incompetence of the Government's handling of this. Is it not about time that the Government stopped thinking about saving face, creating more uncertainty and wasting even more money on more legal challenges, and sat down to work out how we are going to put the industry on a sustainable footing?

Chris Huhne: I realise that the right hon. Lady supported a different candidate for the leadership of her party from the winning candidate; nevertheless, given her repeated attempts effectively to undermine the former decisions of the Leader of the Opposition, as well as her failure to recognise their consequences, I would merely remind her, as she now likes to lecture us about the impact assessment, what the impact assessment showed in February 2010. It is important that she should go back—as she wants to look at this—because that impact assessment showed that the cost of the scheme introduced by the now Leader of the Opposition had a net present value of £8.6 billion, while the benefits had a net present value of £400 million. If she thinks that is the sort of policy making of which she is prepared to be proud, good luck to her.

Mr Speaker: Order. May I just say to the Secretary of State that that answer—about which he felt strongly—was too long? There must not be a repetition of that, and if there is, I will cut it off. That is the end of it.

Jo Swinson (East Dunbartonshire) (LD): The Secretary of State is right to say that the design of the scheme he inherited from Labour was flawed. However, by continuing with that scheme for 18 months, coupled with apparently poor legal advice, the implementation of FITs that he has presided over has been somewhat chaotically managed for consumers and businesses alike. I am concerned that a letter from the Minister of State says that if there is no action, proposals may have to be brought forward to close the FITs scheme. What reassurance can the Secretary of State give that FITs will be put on a sustainable footing for the rest of this Parliament?

Chris Huhne: I entirely reject the idea that we did not act to deal with this issue as soon as we were advised. The problem with the design of the scheme was that it was unable to cope with the dramatic fall in the cost of solar panels. That dramatic fall, the reason for which I have already described, became apparent over the past year, and we acted as quickly as we could to deal with the situation. What is unforgivable is the fact that the present Leader of the Opposition failed to foresee, by looking at best practice internationally, how the scheme should have been designed in the first place.

Energy Bills

2. **Mr William Bain** (Glasgow North East) (Lab): What steps he is taking to help households to reduce their energy bills. [91727]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The coalition is taking action to help consumers to reduce their bills. The Department of Energy and Climate Change has launched the "check, switch, insulate to save" campaign, which was showcased in big energy week. That measure, together with the new warm home discount, the winter fuel and cold weather payments, the carbon emissions reduction target and community energy saving programmes, the Warm Front scheme and signposts on bills to the cheapest tariff information, will help hard-pressed consumers. However, the green deal will be the game-changer that the country really needs.

Mr Bain: Does the Minister grasp the seriousness of the situation facing families across the country? The average fuel bill is now £1,345 a year—an increase of 48% in the last five years. When are the Government going to act to pare back the system of tariffs—the number of which has risen by 70 in the past year under this Government—which discriminates against those who use the least energy?

Gregory Barker: I am afraid that it was actually under the last Labour Government, when the present Leader of the Opposition was Secretary of State, that the number of tariffs went up to 400, an increase of 75%. We are now getting to grips with that, but if the hon. Gentleman wants to blame someone for the proliferation of tariffs, he should blame the total inaction of the then Secretary of State.

Joseph Johnson (Orpington) (Con): Does the Minister realise that he could help businesses, as well as households, to reduce their energy bills, by introducing mandatory motion-sensitive lighting systems? That would reduce the carbon intensity of our built environment and promote the ability of many people to enjoy starry, starry nights.

Gregory Barker: That is just the kind of technology that will be brought into the reach of millions of homes by the green deal, and it is just the kind of innovation that we want to spur. We would also look at how we might drive that by making amendments to consequential improvements. I am very interested in my hon. Friend's ideas.

Caroline Lucas (Brighton, Pavilion) (Green): It is understood that there has been a significant underspend, of up to £30 million, in the Warm Front scheme, because DECC has made the eligibility criteria too strict and has not promoted the scheme. That means that up to 20% of the scheme's funding could go unclaimed. Is it correct that there will be an underspend at the end of the financial year, and if so, what is the reason for it?

Gregory Barker: The hon. Lady is right; we are slightly behind. The unseasonably warm weather that we have had this winter, compared with the cold weather last year, has meant that the number of applications has been lower. However, I am in touch with the leaders of our big metropolitan authorities, and I have spoken to the big six energy companies, Citizens Advice and others this week in order to drive forward the roll-out of Warm Front to ensure that we do not have the underspend that she has highlighted.

Miss Anne McIntosh (Thirsk and Malton) (Con): The green deal has just been described as the "game-changer", but the concern being expressed by those living in Thirsk, Malton and Filey is that it will push up their household energy bills. Will the Minister follow up the suggestion put to the Prime Minister yesterday by looking favourably on schemes such as biomass, rather than unreliable wind farms, in the green energy mix?

Gregory Barker: My hon. Friend is a little bit confused. Biomass and other forms of renewable heating or electricity generation have nothing to do with the green deal, which is an energy efficiency roll-out that will reduce the amount of electricity and heating required in homes, but I will certainly be happy to look at her ideas.

Caroline Flint (Don Valley) (Lab): According to an answer that I received to a question just the other day, the underspend is actually £32 million, so it has gone up. We all know that soaring energy bills are contributing to the cost-of-living crisis afflicting millions of families. Millions of pensioners over the age of 75, who are the most susceptible to the cold weather and the least able to access the advantages of online energy deals, pay more for their electricity and gas than they need to. Surely it is only fair that energy companies should guarantee that elderly customers over the age of 75 should be placed on the cheapest tariff for their gas and electricity. Will the Government ensure that the energy companies have access to the data that they will need in order to achieve that?

Gregory Barker: As I said earlier, the number of tariffs proliferated by 75% in the last three years of the Labour Government, when they had the opportunity to do something about this. We actually want everyone to be on cheaper tariffs, but there is lots to do, because of the appalling inheritance from the last Government. We want everyone to get a good deal, not just the over-75s, and we are taking action to make that happen.

Kyoto Protocol

3. **Caroline Dinenage** (Gosport) (Con): When he expects a decision to be taken on the EU target for carbon emission reductions under the second commitment period of the Kyoto protocol. [91728]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The EU must submit a target for the second commitment period of the Kyoto protocol at the UN conference of parties at the end of the year in Qatar. There is a debate in the EU about whether to increase its 2020 emission reduction target from 20% to 30% from 1990 levels. The UK is a leading advocate of a 30% target.

Caroline Dinenage: The Secretary of State has publicly and consistently expressed his desire to see the EU 2020 emissions reduction target increase to 30%, but what concrete action will he take to realise that ambition?

Gregory Barker: We are very active on this agenda. The Secretary of State and I firmly believe that the EU should submit a 30% target in the Kyoto protocol. We are working closely with ministerial colleagues from key member states to build support for a 30% target, directly engaging the more sceptical. At the Environment Council in March, the Secretary of State will argue strongly for approval of the EU low-carbon road map, which sets out milestones for reducing emissions through to 2050.

Strait of Hormuz

4. **Christopher Pincher** (Tamworth) (Con): What assessment he has made of the potential effects on UK oil and gas supplies of any disruption of shipping through the Strait of Hormuz. [91730]

13. **Harriett Baldwin** (West Worcestershire) (Con): What assessment he has made of the potential effects on UK oil and gas supplies of any disruption of shipping through the Strait of Hormuz. [91744]

The Secretary of State for Energy and Climate Change (Chris Huhne): We have made assessments of the impacts of short-term disruptions to shipping through the strait for both oil and gas. There is no reason to believe that such closure would create a physical shortage of oil or gas in the UK. Price impacts would depend on the exact nature of the disruption. The UK has access to a wide variety of oil and gas sources and routes, including production from the UK continental shelf, imports from Norway, storage, and oil and liquefied natural gas from global markets.

Christopher Pincher: Given that 20% of the world's traded oil, and 35% of the seagoing trade, passes through the strait every day, presenting a significant terrorist risk, will my right hon. Friend encourage the diversification of supply, including overland pipelines, such as project Nabucco, the Abu Dhabi pipeline and the Iraq pipeline across Saudi Arabia, despite its being called IPSA?

Chris Huhne: My hon. Friend is right to highlight the overland capacity. Unfortunately, the IPSA pipeline, as he may know, is not currently functioning—I do not know whether that is anything to do with its namesake. Diversification is a crucial part of our strategy, and the Minister of State, my hon. Friend the Member for Wealden (Charles Hendry), and I have been working hard on getting closer relationships with some of our key suppliers, including the Norwegians.

Harriett Baldwin: My constituents already suffer from high fuel and heating oil prices, so will the Secretary of State reassure them that EU sanctions on Iranian oil will not cause further price pressures in that market?

Chris Huhne: I would love to assure the hon. Lady that we are able to have greater control over the politics of the middle east than has been the case so far, but the reality is that that part of the world is extremely sensitive geopolitically. As she may know, HMS Argyll is supporting the USS Abraham Lincoln in the carrier group, and we are sending out clear signals that we want the issue dealt with in the most rapid way.

Albert Owen (Ynys Môn) (Lab): Coupled with the potential problem of oil import is the problem of a lack of oil refinery capacity in this country, made worse by the Petroplus decision to close refineries in the south-east. What assessment have the Government made of refinery capacity, and what are they doing to increase that capacity?

Chris Huhne: The hon. Gentleman misunderstands the situation in the refinery market. With regard to Petroplus, the problem with Coryton has been the over-capacity in the refining market, which has led to shaved margins. We are working to resolve that as quickly as possible.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): Although the Secretary of State has reflected on the potential disruption through the Strait of Hormuz and on the point made by my hon. Friend the Member for Ynys Môn (Albert Owen) about refining activity, and although it is good news that the tankers have resumed distribution from the refinery this morning, will he update the House on whether oil is now being delivered to the refinery for refining activity?

Chris Huhne: There is indeed a cargo ready to be delivered this morning, and there have been contingency back-ups. I know that BP has been working closely with us on this matter and I very much hope that normal activity will resume.

Tom Greatrex: I thank the Secretary of State for that response, which will, I am sure, bring comfort to many people. As well as the 850 jobs, including those of contractors at the refinery, that are at risk, he will know that the background is that this situation is less to do with the refinery's operation and more to do with the financial structure of the Switzerland-based former owners. Given the significant role played by UK-based refineries in providing energy resilience, is he concerned that the ownership of such a significant number of UK-based refineries is now overseas?

Chris Huhne: We have traditionally benefited enormously in this country, both under the previous Government and under this Government, from our open-door policy on foreign investment. Indeed, we own a substantial amount of investment in other countries. The swiftness with which the arrangements have been put in place suggests that there is no case for reviewing that policy at this stage.

Smart Meters

6. **Gordon Henderson** (Sittingbourne and Sheppey) (Con): If he will hold a review of the smart meter infrastructure upgrade. [91733]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): The introduction of smart meters will unlock huge benefits for the people of this country. There is a solid evidence base to support the roll-out, and it is important that we start to realise the benefits sooner rather than later. The coalition Government have published detailed plans showing how we will deliver smart meters; the last thing we need is more delay.

Gordon Henderson: I welcome that answer, but will my hon. Friend do something to ensure that the programme costs are reported and properly controlled in the interests of those who will pay the bills—that is, the consumer?

Charles Hendry: My hon. Friend makes a very important point. That is one of the most important mechanisms we have in any part of Government policy to bring benefits to consumers. The total cost of the programme is estimated to be about £11 billion and the benefits are estimated to be about £18 billion, so there will be £7 billion of benefits, and that we is why we want to see it happening as soon as we can.

Bill Esterson (Sefton Central) (Lab): Suppliers of mobile phones include warnings with new devices about the potential danger of electromagnetic radiation. Does the Minister think that suppliers of smart meters should do the same?

Charles Hendry: We believe that people will benefit from having smart meters, but we will not make them obligatory. If people are concerned about the electromagnetic issues, they will not be required to have one. We have been willing to give assurances to hon. Members on that account.

Andrew George (St Ives) (LD): There is little incentive for supply companies to inform their domestic customers better on their rate of energy use, so although I appreciate what the Minister has said so far, what can the Government do to ensure that that process of better awareness and better information is speeded up?

Charles Hendry: A very important part of this programme is education. Smart meters will work only if the consumer understands how to use them effectively to get the best value for money out of them. We are drawing a very clear distinction between education and sales practice because we do not want the installation of smart meters to be an opportunity for unscrupulous sales practices.

Energy Efficiency

7. **Mr Dave Watts** (St Helens North) (Lab): What steps he is taking to encourage households to improve their energy efficiency. [91735]

8. **Dr Alan Whitehead** (Southampton, Test) (Lab): What steps he is taking to encourage households to improve their energy efficiency. [91737]

The Secretary of State for Energy and Climate Change (Chris Huhne): The Government have established the energy efficiency deployment office to develop an overarching energy efficiency strategy. We will launch the green deal later this year, which will radically improve take-up of energy efficiency measures. We want every home to have a smart meter by 2019 so consumers have much greater control over their energy use.

Mr Watts: Is the Secretary of State proud of the fact that this is the first Government since 1970 who have not had a programme to help poor families with their fuel costs? Is it not the case now that many poor families will get less help, and that there is virtually no targeting of those resources that are available to the poorest families?

Chris Huhne: The hon. Gentleman has clearly been hibernating over the past few months if he believes that we are not helping poor families. First, the warm home discount scheme, which is a statutory scheme for reducing costs, will disburse two thirds more money than was disbursed under the voluntary scheme operated by the Labour Government. Secondly, the affordable warmth obligation in the energy company obligation subsidy will take over from Warm Front. Thirdly, we have asked Professor John Hills to conduct a thorough review of fuel poverty, which will lead to some interesting and important recommendations.

Dr Whitehead: Does the Secretary of State accept that the ECO's affordable warmth element, which comes to £325 million, is substantially less than the Warm Front commitment of £370 million and the CERT commitment of £600 million? Does he accept that that is a substantial reduction in affordable warmth for those on lower incomes? Even now, will he review the split in costs in relation to affordable warmth and those who can pay, or look for other methods of dealing with the issue?

Chris Huhne: It is important that the hon. Gentleman compares like with like. He should remember that what is available under the ECO subsidy helps holistically to improve the energy efficiency of the whole home and is not like the Warm Front, which was largely a boiler replacement scheme. That proposal is out for consultation and we are listening to responses.

Stephen Mosley (City of Chester) (Con): The green deal skills alliance has highlighted the importance of having the right skilled professionals in place to deliver the green deal to households. How will my right hon. Friend ensure that we have the right number of skilled energy efficiency assessors, installers and training providers to make sure that when the green deal comes in this year we can deliver it?

Chris Huhne: My hon. Friend is absolutely right that such skills will be essential for the green deal—indeed, for the whole low-carbon economy. That is precisely why we have been working closely with the Department for Business, Innovation and Skills, which takes the lead on skills. We have a national skills academy for environmental technologies, which is developing standards, delivering training and upskilling tradesmen and technicians. We also have funding for the renewables training network that is run by Renewable UK, and a talent bank for the gas, power, waste management and water industries, which is led by the Energy and Utility Skills sector skills council.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): I understand that the Government have not yet even designed the training programme for many of the people who will have to deliver the green deal. Ministers have been claiming for months that the green deal will mean the creation of thousands of jobs, but the Department's figures show that the number of energy efficiency installations will plummet in the first year of the scheme, with cavity wall insulations set to fall by 67% and loft insulations by a staggering 90%. That will cripple the sector and, according to Europe Economics, could lead to the loss of 3,000 jobs. Will the Secretary of State protect those jobs by adopting Labour's proposals to include hard-to-treat cavity walls and lofts in the ECO?

Chris Huhne: I think the hon. Lady misunderstands a couple of issues. First, the green deal is a very different scheme precisely because it is designed to support a complete retrofit. We are talking not just about cavity wall insulation or loft insulation but about many other measures as well. The second point is that she is quoting the first impact assessment. It has always been the case that the take-up of the green deal will depend on the triggers and incentives that have been introduced for take-up, which have increased substantially since the figures she quoted.

Energy Efficiency

10. **Mr Barry Sheerman** (Huddersfield) (Lab/Co-op): What steps he is taking to engage charities and social enterprises in projects that will reduce their energy consumption. [91741]

The Secretary of State for Energy and Climate Change (Chris Huhne): All property types, including those belonging to charities and social enterprises, will be eligible for the green deal which begins later this year. Charities and social enterprises will be eligible for up-front support to cover improvements, which will be paid back gradually through savings on energy bills. We are also running a £10 million fund to support communities, including charities and social enterprises, in understanding their current energy use and the opportunities to reduce demand, as well as in developing renewable energy schemes locally.

Mr Sheerman: Charities and not-for-profit groups up and down the country have enormous in-house expertise on this matter and are ready and willing to do more work with businesses and local authorities on the green deal. Good firms such as Morrisons do a great deal in partnership work. Could the Secretary of State do more to encourage more partnerships between local authorities, the private sector and charities such as Urban Mines, which I chair?

Chris Huhne: I am very happy to join the hon. Gentleman in encouraging the third sector in this regard. However, I point out that we recently announced 82 community winners in the first tranche of DECC's £10 million local energy assessment fund, which share in £4.2 million to undertake feasibility studies for proposed community energy and energy efficiency schemes. The winning communities in the remaining, second tranche are due to be announced in early February.

Prepayment Meters

11. **John Robertson** (Glasgow North West) (Lab): What the level of debt is by which a prepayment meter customer is able to change supplier. [91742]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): The debt assignment protocol helps prepayment meter customers with a debt of £200 or less to switch, providing the new supplier agrees to take on the debt. Ofgem monitors the protocol's effectiveness by recording the number of customers blocked from switching as a result of having a debt.

John Robertson: I am sure the Minister will understand my question when I mention that because of debt 200,000 customers are trapped on tariffs that they cannot get out of. If the level was extended to £350, a lot of those people would be able to get their debt down. What is he doing to try to deal with that and will he persuade Ofgem to set the figure at £350?

Charles Hendry: The hon. Gentleman raises an important point, and I shall ask Ofgem to look at the issue in detail. Many people are on prepayment meters because they were already in debt and it was a way of trying to manage their repayments to get them back on a firm footing. Clearly, we want people in all circumstances to be able to benefit from lower tariffs and it is important that they should be set at the right level in that part of the protocol.

Mr Mike Weir (Angus) (SNP): Whether or not they are trying to switch, many people on prepayment meters are clearly fuel-poor. What action is the Department taking to monitor self-disconnection among that group?

Charles Hendry: We understand that about 20% of those who are fuel-poor are on prepayment meters, and we will clearly look at any reasons why anybody is disconnected. If they are required to be disconnected by the supplier, the evidence has to be reported to us and those figures have fallen very sharply in recent years, but if people are self-disconnecting we need to understand the reasons behind that.

British Antarctic Survey

15. **Oliver Colvile** (Plymouth, Sutton and Devonport) (Con): What assessment he has made of British Antarctic Survey research on the effects of historic industrialisation on global carbon dioxide levels. [91746]

The Secretary of State for Energy and Climate Change (Chris Huhne): Ice core measurements by the British Antarctic Survey reveal that over the last 800,000 years, global carbon dioxide levels varied between 180 and 300 parts per million. Those peer-reviewed results provide crucial data on past natural levels for climate science research. Observations show that global atmospheric carbon dioxide levels are currently increasing at about two parts per million per year, and are now at 391 parts per million, as a result of emissions from industrial and other human sources.

Oliver Colvile: May I thank the Minister of State, my hon. Friend the Member for Bexhill and Battle (Gregory Barker) for going to Bristol recently to launch the marine energy strategy? How does my right hon. Friend the Secretary of State perceive it working in delivering fewer CO_2 emissions and helping with the energy strategy?

Chris Huhne: Marine energy parks are an important part of developing a tremendously good natural resource for us in this country. We may not have quite as much sunshine as in southern Spain or Arizona, but we have an awful lot of wind, an awful lot of waves and an awful lot of tidal resource. Within the ministerial team, my hon. Friend the Minister of State has been leading the charge on marine energy parks precisely to make sure that we do not let those enormous opportunities slip through our fingers.

Kevin Brennan (Cardiff West) (Lab): Does the Secretary of State have three points he would like to share with us on the main conclusions of the research?

Chris Huhne: I can certainly point to one conclusion of the research that I think is absolutely crucial: measurements of current carbon dioxide levels show that they have increased by nearly 40% since pre-industrial times, and carbon isotope information shows that this has largely been caused by the burning of fossil fuels.

Drilling down into ice cores is a fascinating way of finding out what was happening in prehistory, and it thoroughly underlines the importance in the science of our addressing those issues. One thing that as politicians we cannot do is negotiate with scientific conclusions as robustly supported as these.

Competition

16. **Nicky Morgan** (Loughborough) (Con): What steps he is taking to ensure a competitive energy market. [91747]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): Greater competition requires more companies taking part in the market, and increased transparency for consumers. Ofgem will shortly announce proposals to improve wholesale market liquidity and it is important that the regulator takes decisive steps. We have also taken action to cut red tape for small suppliers and Ofgem has published radical proposals to help suppliers to simplify their tariffs and billing information, helping consumers switch supplier and thereby boosting competition.

Nicky Morgan: I thank the Minister very much indeed for his reply. The people who should benefit from a competitive energy market are the companies' customers—our constituents. Is he aware of the practice by some energy companies of repeatedly putting up direct debit payment demands? The customer then has to call the company to negotiate them down, but the next time a bill arrives the direct debit has gone up yet again. What does he think of that behaviour by our energy companies?

Charles Hendry: One of the most important aspects of a functioning energy market is transparency; people need to be clear about why their prices are changing and the factors that contribute towards that. The requirement for greater transparency and more information on bills is therefore a fundamental part of the reforms that we see coming through.

Barry Gardiner (Brent North) (Lab): Does the Minister recognise that the insistence on the energy performance certificate at level 3 in order to qualify for the new solar PV fix will be anticompetitive in its practice? The industry has said that it may contribute to reducing employment in solar PV down to 8% of the current levels of employment, and yet it is not related to gas, which is used most for warming Britain's homes.

Charles Hendry: I hope the hon. Gentleman would agree that it is important that if people are receiving a subsidy for electricity which is generated, they should have generally well insulated homes and they should not be wasting it—*[Interruption.]* But for many people it does help. That was a proposal that was put forward in the consultation process. We have had many responses to that. We are currently considering those with a view to making a final decision.

Renewable Energy

17. **Mr Jim Cunningham** (Coventry South) (Lab): What recent discussions he has had with the Secretary of State for Business, Innovation and Skills on growth in the renewable energy sector. [91748]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): My right hon. Friend the Secretary of State and I have regular meetings with ministerial counterparts in the Department for Business, Innovation and Skills on a variety of topics, including renewable energy issues.

Mr Cunningham: What discussions has the Minister had with the Business Secretary regarding the 45,000 jobs that could be lost in the construction industry over the next three years and the impact that will have on green energy delivery?

Gregory Barker: I regularly discuss renewable energy with colleagues, but we remain very optimistic about the future for British renewables. We inherited a terrible position from Labour, third from bottom of the EU table, but I am glad to say that as of December 2011 there was 11 GW of installed renewable electricity, 15.5 GW in construction and 10.5 GW in planning; and in the hon. Gentleman's constituency this month we have seen £12 million invested in Geothermal International, alongside £2.5 billion of announced investments since April 2011. That is a very encouraging picture.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): A major area of growth for the renewable energy industry will be marine energy, particularly, of course, the Pentland firth. I congratulate the Minister on the renewable energy park that he has put in the south-west and I thank him for the conversations we have had on turning the Pentland firth into a renewable energy park. Can he tell me what progress we are making?

Gregory Barker: I was delighted that this week we were able to launch the UK's first marine energy park, and under the coalition marine energy in the UK is finally getting the drive forward that it has needed for years. The hon. Gentleman played a key role in developing marine energy potential in Scotland, and I should like to invite him to host a board meeting of the marine energy programme board in Caithness in the summer, where I hope we shall have some good news on the creation of the second marine energy park in the UK, in Scotland.

Emissions

18. **Hugh Bayley** (York Central) (Lab): What support his Department provides to community initiatives to help households reduce their carbon emissions. [91749]

The Minister of State, Department of Energy and Climate Change (Gregory Barker): The coalition has big ambitions for community energy. Last week, we announced 82 community winners in the first tranche of DECC's £10 million competition to help mobilise community energy groups. I will be announcing funding for at least another 100 winning schemes early next month. This new fund is just one element of our strategy to drive local and community energy action.

Hugh Bayley: We need consistency in Government policy. City of York council has spent time and money developing a solar energy scheme for council houses, and yet it has been blown out of the water by the Minister's announcement of 31 October. In order to

ensure continuity of policy, do the Government agree that those councils whose schemes to develop solar energy for council houses were being developed before the announcement should continue to get the feed-in tariff at the previous rate?

Gregory Barker: Unfortunately, the scheme that the hon. Gentleman refers to—the feed-in tariffs—was devised and implemented by Ed Miliband—*[Interruption.]*

Mr Speaker: Order. The hon. Gentleman should observe the correct forms of address, and he should not refer—*[Interruption.]* Order. He should not refer to another Member by name in that way. He should briefly finish his answer and resume his seat.

Gregory Barker: The feed-in tariffs were devised by the right hon. Member for Doncaster North (Edward Miliband), and unfortunately did not anticipate a single scheme of the type to which the hon. Member for York Central (Hugh Bayley) refers. Under our reformed and restructured feed-in tariff schemes, in the future we very much hope that those schemes will be able to be supported, unlike the shambles of the scheme that we inherited from Labour.

Wind Farms

19. **Mark Pawsey** (Rugby) (Con): What discussions he has had with National Grid on the shutting down of wind farms during times of high wind intensity. [91750]

The Minister of State, Department of Energy and Climate Change (Charles Hendry): Ministers and DECC officials have regular discussions with National Grid about the operation of the electricity network, and this has included the issue of transmission constraints, including our consultation on the transmission constraint licence condition. Reducing or increasing output of generators of all types is a normal part of National Grid's role in balancing the network at all times. Wind is not treated any differently from any other technology in this respect.

Mark Pawsey: My constituents in Rugby, who face applications for wind farms, will be concerned about reports that turbines are switched off in times of high wind speeds because the current infrastructure is unable to handle the amount of electricity generated. When that happens, National Grid pays operators compensation—

Mr Speaker: Order. Can we have a quick question? We have to move on, so we need a brief sentence with a question mark at the end of it.

Mark Pawsey: What steps has the Minister taken to protect consumers from that element of the increase in their electricity bills?

Charles Hendry: About £250 million was paid last year in constraint payments, of which only 10%—£24 million—was paid to the wind sector. The Government are reviewing the transmission constraint licence condition and trying to ensure upgrades are made in many parts of the country, so that the power generated can get where it is needed.

Jonathan Ashworth (Leicester South) (Lab): Given the importance we attach to National Grid maintaining balance in the system, will the Minister tell us what discussions he has had with National Grid on how it contracts with short-term operating reserve aggregators? There is concern that National Grid is paying for so-called phantom megawatts and the cost is being passed on to consumers. Does the Minister agree that we need an independent auditor?

Charles Hendry: In all these matters, National Grid is regulated by the official regulator, Ofgem. The STOR arrangements play an important role in the process, ensuring that when there is a significant and sudden change in requirement, generation capacity to meet that demand is available. Of course that important function of our grid system must be operated in a transparent way.

Topical Questions

T1. [91751] **Bill Esterson** (Sefton Central) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Energy and Climate Change (Chris Huhne): Since my Department's last Question Time, I have attended the UN climate change conference, where the UK delegation as a whole played a key role in securing the Durban platform, a road map to a global legal agreement. DECC has published the carbon plan, which sets out how we will meet our first four carbon budgets; we have consulted on incentives for solar energy as part of our review of the feed-in tariff scheme; and our clean energy plans took an important step forward with the opening of the UK's first carbon capture and storage plant in November last year.

Bill Esterson: The right hon. Gentleman neglected to mention the defeat in the High Court. My constituents Mark Davenport and Brian Malone lost money setting up solar power companies. Will the Government compensate people who lost money as a direct result of the Secretary of State's illegal actions?

Chris Huhne: Evidence of the very sharp take-up when we announced that we were getting to grips with the problems of the scheme shows that those involved in the industry had plenty of forewarning. As in any other sector, businesses take risks: sometimes the rewards are high and sometimes they are not.

T2. [91752] **Priti Patel** (Witham) (Con): No new nuclear power stations have been built in this country for more than 20 years. How confident is the Secretary of State that Britain will possess all the relevant skills and supply chains necessary to create a thriving nuclear industry in this country?

Chris Huhne: My hon. Friend is right to highlight the importance of skills to the nuclear industry's revival, especially as so many who work in that industry are nearing retirement. That is why the Minister of State responsible for energy, my hon. Friend the Member for Wealden (Charles Hendry), has been working so hard with the Department for Business, Innovation and Skills

to make sure, through the nuclear skills academy and other measures, that the skills are there so that we can deliver on time—and we will.

T4. [91754] **Kate Green** (Stretford and Urmston) (Lab): The St John's Sunshine project in Old Trafford in my constituency planned to use feed-in tariffs to fund big society community projects, but Gavin Wood told me yesterday that those involved now feel that proceeding with the project would be a gamble. What assurances can the Government offer that Ministers will make good on their promises to community projects and offer them the certainty they urgently need?

Chris Huhne: As I have made clear in the House before, I wish we had been able under the law to provide separate support to the community schemes that have come forward, but we were not able to do that under the legislation passed by the previous Government. We will consult on that. I merely point out, as I did to the hon. Member for Harlow (Robert Halfon), that the continued fall in the cost of solar panels will make more and more schemes viable.

T3. [91753] **Laura Sandys** (South Thanet) (Con): The green deal is very dependent on consumer uptake and consumer trust in the energy companies. What sort of expertise has the Department in understanding consumer behaviour and how will we be able to deliver this programme through consumer behaviour change?

The Minister of State, Department of Energy and Climate Change (Gregory Barker): My hon. Friend has considerable experience and understanding of consumer behaviour, and she will be pleased to know that we have a specific consumer behavioural insight team in DECC, but the greatest value comes from liaising with retail companies with real track records, such as Kingfisher, B&Q, John Lewis, Sainsbury's and Tesco. Ultimately, it is the private sector that will guide our thinking and be responsible for the success of the green deal.

T6. [91757] **Albert Owen** (Ynys Môn) (Lab): The Secretary of State seemed to misunderstand my question on oil refinery capacity earlier. Oil and petroleum trade bodies tell me that there is a shortage of oil refinery capacity in this country, and that crude oil is exported to India and brought back in. What assessment has the Secretary of State made of that, and how is he responding to that serious question?

The Minister of State, Department of Energy and Climate Change (Charles Hendry): It is a very serious question and I am grateful to the hon. Gentleman for pursuing it further. Some of the crude produced in this country is not suitable for use here because of the diesel demand and therefore it is exported, and the diesel fuel tends to have to be imported, which results in an imbalance. Through the downstream oil infrastructure forum we are looking at the industry's strategy to put in place a long-term programme to assess how we can support and build up that industry, and the role of international investors is critical to that process.

T5. [91755] **Philip Davies** (Shipley) (Con): Further to the question from my hon. Friend the Member for Rugby (Mark Pawsey), what estimate has the Secretary of State made of the number of wind turbines that stopped working at some point during the year, and how many of those stopped working due to too little wind and how many of them stopped working because of too much wind?

Chris Huhne: I will happily come back to my hon. Friend on wind turbines, but just because someone falls off a ladder does not mean that the House jumps to abolish ladders. In a similar sense, the operation of wind turbines, particularly those that are onshore, which are most economic, provides an increasingly important contribution to our energy needs, which is home-grown and not likely to be buffeted by events in the middle east.

T7. [91759] **Chi Onwurah** (Newcastle upon Tyne Central) (Lab): Four thousand five hundred employees of Carillion, headquartered in my constituency, went into Christmas on notice of redundancy due to the arbitrary and clearly illegal changes to the solar feed-in tariffs. We all agree that tariffs need to be reviewed, but will the Minister not help to end the terrible uncertainty in which Carillion employees are living by accepting the High Court decision and taking the time to review the policy properly?

Chris Huhne: I have already referred to the substantial costs and the fact that the industry would face a substantial reduction in the number of potential installations were we to accept those costs. I merely point out as well that going forwards we have attempted to provide that certainty, precisely because we laid the order, making sure that the new rate will be available from the beginning of March.

T8. [91760] **Andrew Rosindell** (Romford) (Con): Has the Minister made an assessment of the energy sources that may or may not be available in some of the British overseas territories, particularly the Falkland Islands?

Chris Huhne: The matter of oil exploration around the Falkland Islands is a lead responsibility of the Foreign and Commonwealth Office. Exploration is under way. Some of the initial exploration undertaken in territorial waters was disappointing, but that may change in future.

Dame Joan Ruddock (Lewisham, Deptford) (Lab): Having been a Minister myself in the Department of Energy and Climate Change, I cannot believe that officials did not warn the Secretary of State and Ministers of the folly of setting a cut-off date before the end of the consultation period. Will he not now apologise to those whose plans have been ruined and whose jobs have been lost, and acknowledge that a review was provided for in the Labour Government's legislation?

Chris Huhne: The right hon. Lady sadly does not draw attention to the fact that there was no system of automatic degression under that scheme. However, she will be interested to hear that the general point that we should learn all the lessons required to be learned from this episode is not lost on the ministerial team, and I have ensured that we are doing precisely that. I do not think that it will come to conclusions that will be entirely to the right hon. Lady's liking.

Mr Robin Walker (Worcester) (Con): Does the Secretary of State agree that swift action to deal with metal theft is vital to protect our energy infrastructure, and will he therefore join me as a member of the all-party group on combating metal theft in welcoming today's statement from the Home Office?

Chris Huhne: I certainly welcome today's statement from the Home Office and think that the right hon. Lady the Home Secretary is putting forward some excellent ideas on how to deal with this problem. Metal theft affects all networks, including electricity networks, and because it affects networks it has a much broader cost than many other crimes.

Mr Ben Bradshaw (Exeter) (Lab): The Government's incompetence and arrogance over the feed-in tariff fiasco has been staggering. The industry and the public need certainty, so will the Secretary of State now try to answer the question my right hon. Friend the Member for Don Valley (Caroline Flint) asked him earlier, abandon his costly and doomed legal case and sit down with the industry to agree a sustainable solution?

Chris Huhne: As I have already pointed out, a substantial part of the industry intervened in the court case on our side. This is the best way forward for the sustainable growth of the industry. We have also laid the order that will provide absolute certainty on the tariff rate we are providing from 3 March, so I think that the right hon. Gentleman is being uncharacteristically churlish.

Tessa Munt (Wells) (LD): On Tuesday the Institution of Engineering and Technology is due to publish its long-awaited report on the undergrounding of electricity transmission lines. Given that 1,000 new pylons would have a significant effect on the natural environment and the landscape, what steps has the Secretary of State taken to ensure that the study considers the wider economic benefits of undergrounding to tourism, particularly in my part of Somerset, and the lifetime maintenance costs of undergrounding compared with using mile upon mile of pylons?

Charles Hendry: It is a very important study. As part of the process of understanding whether the grid should be under or above ground, we need to start with an assessment of the real costs of undergrounding and overgrounding. This authoritative study is the most dedicated of its kind ever carried out and makes an important contribution to the debate. It will not answer all the questions, but it is an important element.

Fiona Mactaggart (Slough) (Lab): The Minister will be aware that the cost of smart meters will be borne by us in our electricity bills, but the benefits will not automatically accrue to the consumer. How will he ensure that the most vulnerable, poor and elderly consumers benefit from the installation of smart meters and are protected from disconnection?

Charles Hendry: The hon. Lady makes an extremely important point. One of the keys to the success of smart meter roll-out is the education programme that will go with it to ensure that householders know how to use them to their greatest benefit. We are talking to consumer groups to ensure that that is done in the most effective way and looking at how we can involve parish councils, local charities and other organisations trusted by consumers to ensure that they get the greatest benefit as quickly as possible.

George Eustice (Camborne and Redruth) (Con): The Minister mentioned the creation of the south-west marine energy park, which is a tremendous boost to projects such as Wave Hub in my constituency. Does he agree that projects being assessed for capital grants to develop wave power should be given preference if they are located within the marine energy park?

Gregory Barker: The reason we have created marine energy parks is to bring together resources in a co-ordinated and strategic fashion, which has not happened in the past. My hon. Friend's point is extremely well made and very valid. I expect a significant part of the Department's research budget—£20 million—to be set aside for wave and tidal technology and to flow to his part of the world.

Julie Hilling (Bolton West) (Lab): The energy companies tell us that very few customers are disconnected, but we know that many customers are so-called self-disconnected because they cannot afford to put credit on their pre-payment meters, especially if they are already paying off previous arrears through the meter. Will the Minister as a matter of urgency ask the energy companies how many people are self-disconnected?

Charles Hendry: As I said earlier, it is important that we understand why people are disconnected. If there is not enough clarity about why people are self-disconnecting, we will ask for more details on why that is happening.

Neil Parish (Tiverton and Honiton) (Con): Mid Devon district council, which is based in Tiverton, was planning just before the tariff rate was cut to have 1,800 social homes with solar panels. Will Ministers be prepared to meet officials from the council to discuss a way forward?

Gregory Barker: I would be delighted to meet my hon. Friend to discuss the matter. Obviously we want to build a consensus on the way forward. I will publish plans for the reform of the feed-in tariff so that we can put it on a much sounder footing and learn from the mistakes of the system we inherited.

Ian Lucas (Wrexham) (Lab): What assessment has the Secretary of State made of the Government's liability for their unlawful actions in bringing in the feed-in tariff consultation?

Chris Huhne: We disagree, respectfully, with the Court of Appeal's judgment, and that is precisely why we intend to go to the Supreme Court. Clearly, given that we disagree, the issue of liability at this stage does not arise.

Gordon Henderson (Sittingbourne and Sheppey) (Con): Half an hour ago the Thamesteel works in my constituency went into administration, with the potential loss of 400 jobs. Obviously I hope that the administrators will find somebody to take over the plant as soon as possible, but any successor will face similar problems with the high cost of energy as do so many other companies in the energy-intensive industry. What can my right hon. Friend do to help such companies?

Chris Huhne: As my hon. Friend knows, the Chancellor of the Exchequer announced in the autumn statement that we will bring forward a package to help the energy-intensive industry—

Mr Speaker: Order. I enjoy greatly listening to the Secretary of State, but can he please face the House? Then we will all have the benefit of his eloquence.

Chris Huhne: We will therefore bring forward that package with a consultation paper, and there will be detailed proposals at that point.

John Cryer (Leyton and Wanstead) (Lab): In the light of the court case that has been mentioned and the Secretary of State's comments this morning, it is clear that the Department is no longer fit for purpose. Is he really telling the House that he is going to drag the Government's reputation further into the mire and waste further large amounts of taxpayers' money in order to pursue what is really a wasted cause?

Chris Huhne: Let me reiterate the point that, if we were merely to accept the number of installations after our reference date and before 3 March, we would add £1.5 billion to the total cost of the scheme. That is what Opposition Members are asking us to do. If we were to go further, the cost would be even greater. If the hon. Gentleman thinks that that is a price worth paying, he is entirely consistent with what else Opposition Members say on economic policy, but it is not something that will be entertained by Government Members.

Business of the House

11.32 am

Ms Angela Eagle (Wallasey) (Lab): Will the Leader of the House please give us the business for next week?

The Leader of the House of Commons (Sir George Young): The business for the week commencing 30 January will be:

MONDAY 30 JANUARY—Second Reading of the Civil Aviation Bill.

TUESDAY 31 JANUARY—Conclusion of consideration in Committee of the Local Government Finance Bill (day 3).

WEDNESDAY 1 FEBRUARY—Consideration of Lords amendments to the Welfare Reform Bill.

THURSDAY 2 FEBRUARY—General debate on the transparency and consistency of sentencing.

The provisional business for the week commencing 6 February will include:

MONDAY 6 FEBRUARY—Second Reading of the Financial Services Bill.

TUESDAY 7 FEBRUARY—Opposition day (un-allotted day) (half-day). There will be a debate on an Opposition motion, subject to be announced, followed by business to be nominated by the Backbench Business Committee.

WEDNESDAY 8 FEBRUARY—Motions relating to the police grant and local government finance reports.

THURSDAY 9 FEBRUARY—General debate on the Somalia conference.

I should also like to inform the House that the business in Westminster Hall for 9 February will be:

THURSDAY 9 FEBRUARY—Debate on the seventh report of the Culture, Media and Sport Committee on "Football Governance".

Earlier this week, all colleagues should have received an e-mail on behalf of the House service, inviting them to participate in the 2012 survey of services. As well as providing an opportunity for Members and their staff to provide feedback on the services we currently use, it will also help the House service and the House of Commons Commission to identity priorities for the next few years, when budgets will be tighter. I encourage colleagues to find a few minutes to take part.

Ms Eagle: I thank the right hon. Gentleman for his response and for finally announcing three whole days of actual Government business—for, I think, the first time since October. The Leader of the House wanders about saying that Parliament is not a legislative factory, but if he were running a factory he would have had us all sent home on half pay ages ago.

I raised last week the extraordinary situation of the Business Secretary lining up a speech to a think-tank in order to announce his proposals on executive pay. The Leader of the House promised to remind the Business Secretary of his obligations under the ministerial code. I fear he would not make a very good factory foreman, because it took an urgent question to force the Business Secretary to come to the House first. Did the right hon. Gentleman forget to remind the Business Secretary, or are Government relations so poor that his Liberal Democrat colleague just ignored him?

Another Minister who is reluctant to come to the House is the Chancellor. Despite two weeks of terrible economic news, he has made no appearance at the Dispatch Box. This week's GDP figures showed that the economy is shrinking, not growing; 2.7 million people are out of work; and family budgets are under extraordinary pressure. This time last year, the Government's excuse for the shrinking economy was the snow. We have now had the mildest winter for 350 years, and the economy is still contracting; it was too cold last year, and it is too warm this year—the country is tired of excuses from a Government who refuse to take responsibility for their own disastrous economic mismanagement.

Given that the Chancellor was not present for Treasury questions, will the Leader of the House be a bit more of an assertive factory foreman and insist that he come to the Chamber? If the Chancellor does ever condescend to reappear at the Dispatch Box, we could ask him about the bonus scheme for the chief executive of the Royal Bank of Scotland. I fear that the Leader of the House will be unsuccessful in coaxing the Chancellor out of hiding, so perhaps he will now explain why RBS, a state-owned bank bailed out by the taxpayer, wants to give its chief executive a £1 million bonus this year. The board of RBS is thinking of paying its chief executive in one day more than someone on average earnings would make in a lifetime. We have heard the synthetic outrage from those on the Government Benches, but the question is, what are they going to do about it?

Government incompetence plumbed new depths this week when the local government Minister ended up in the Aye Lobby supporting an amendment that he had rejected moments earlier at the Dispatch Box. Will the Leader of the House confirm that the Minister, on realising that he was locked in the wrong Lobby, bravely took refuge in the toilet while a Conservative Minister barked orders at him through the doorway? The Government's legislative agenda has been bogged down for months—*[Laughter.]* It says something about the incompetence of the Government that it took the Serjeant at Arms to flush the Minister out—*[Laughter.]* The local government Minister has inadvertently revealed the Liberal Democrats' new political strategy—if in trouble, run for the toilet.

Last night, the Government suffered a crushing defeat in the House of Lords. Their proposal to charge lone parents for using the Child Support Agency is simply "unjust"; I am quoting a Conservative peer. I agree with a former Conservative Lord Chancellor, a former Conservative party chairman and a former Liberal Democrat Chief Whip—why on earth will not the Government? The party of Lloyd George is reduced to this: voting to take away support from young people with cancer, the disabled and lone parents. I quite understand why Liberal Democrat Ministers have taken to hiding in the toilet.

It is more than a year since the Health and Social Care Bill was first introduced. It started at 353 pages; by Second Reading, it had grown to 405 pages; and now, almost 2,000 Government amendments later, it weighs in at a colossal 445 pages. In the Leader of the House's legislative factory, MPs are sat around twiddling their thumbs, but the Clerks are run off their feet redrafting the Government's disastrous Bills.

The growing length of the Health and Social Care Bill has not won over critics—the royal colleges, doctors, nurses, patient groups and the voluntary sector all now oppose the Bill. Even the Select Committee on Health, chaired by a former Conservative Health Secretary, has questioned what the Government are doing. The Health Secretary is about the only person in the country who still believes in the Bill. Is it not time that the Government listened and dropped this disastrous measure?

Sir George Young: On the programme before the House, we believe in a balanced diet, including proposed legislation. For the hon. Lady to describe as "twiddling our thumbs" Opposition days, Back-Bench business days and serious debates, such as the one I have announced on Somalia, does a genuine discourtesy to the House.

My right hon. and hon. Friends are fully aware of the ministerial code and I remind them about it from time to time.

The Chancellor of the Exchequer was at ECOFIN on Tuesday, which is why he was not at Treasury questions. I am sure that if the hon. Lady reflects on her days at the Treasury, she will understand that from time to time the Chancellor has to represent this country overseas and therefore cannot appear in the House.

I am surprised that the hon. Lady raised the subject of bonuses, as the contract that entitles Mr Hester to a bonus was put in place by the Labour Government. We have done something that they failed to do: we have limited cash bonuses to £2,000 at RBS and Lloyds, and we will do the same this year. We have also said that the bonus pool at RBS and Lloyds will be lower and more transparent this year than last year—something else that the Labour Government failed to do. So far as this year is concerned, no decision on bonuses has been taken.

I have looked at *Hansard,* and the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Hazel Grove (Andrew Stunell), voted the right way. I understand that after so doing, as an act of generosity, he went to refill one of the carafes on the Table so that his fellow Minister would be refreshed during the remaining stages of the debate, when he was entrapped in the opposite Division Lobby. I understand that there were fraternal greetings. We are all grateful that my hon. Friend emerged from the Lobby unharmed.

On the Child Support Agency, I understand that the provision to make charges was introduced by the Labour Government. We all know from our constituency work that the CSA is in need of reform. All too often, it lets down those it seeks to help. Part of the purpose of that reform is to encourage more settlements outside the CSA. The proposal to which the hon. Lady referred is part of that process.

On the Health and Social Care Bill, many of the amendments to which the hon. Lady referred were called for by the Opposition, so I hope she will welcome them. In due course, this House will deal with Commons consideration of Lords amendments.

Several hon. Members *rose—*

Mr Speaker: Order. A large number of right hon. and hon. Members are seeking to catch my eye. Ordinarily, I seek to accommodate everybody, but I give notice that that will almost certainly not be possible today, because I have to protect the Back-Bench business. There is an important topical debate on the European Council and an important debate on defence, both of which are heavily subscribed. To get in the maximum number of colleagues on business questions, I am looking for short questions and the usual short answers from the Leader of the House.

Sir Alan Haselhurst (Saffron Walden) (Con): Will my right hon. Friend say how many communications he has received from my constituents on the Daylight Saving Bill? Would he care to reply to them through me by saying whether there is any prospect of his providing more time for this subject, if not next week, at some point in the future?

Sir George Young: I am grateful to my right hon. Friend. A good number of e-mails have found their way into my inbox. Of course I understand the strong feelings that have been expressed by our constituents about what happened last Friday. I commend my hon. Friend the Member for Castle Point (Rebecca Harris), who did heroic work in bringing the Bill forward and enabling the House to consider it last Friday in a form of which the Government approved. The Government supported the Bill as it passed through. I have considered my right hon. Friend's suggestion of providing more Government time. I do not think that that would do the trick, because it would not be this Bill that would get more time, were more time to be provided. There is also the question of whether the Bill would have time to get through another place. My view is that at the beginning of the next Session, somebody should pick up the baton from my hon. Friend the Member for Castle Point and try another private Member's Bill. I remind the House that in previous Parliaments this has always been a subject for private Members' Bills. I think that that is the right way to make progress.

Natascha Engel (North East Derbyshire) (Lab): Last week the Procedure Committee published its excellent report on e-petitions. Together with the Backbench Business Committee and the Hansard Society, we will hold a seminar on the future of e-petitions on 6 March. Will the Government therefore indicate when they will produce a response to the report so that we can have a debate in the Chamber in which the whole House can express an opinion on the future of e-petitions?

On the subject of time, the Backbench Business Committee is overwhelmed with demands for debates on issues such as metal theft, daylight saving and UK Trade & Investment—very important subjects that we do not have the time to allocate for debate. Perhaps the Government can help the Backbench Business Committee and the House to bring forward some of those topics for debate by allocating more time to the Committee while we are waiting for business to come from the other House.

Sir George Young: I am grateful to the hon. Lady. The important subjects she mentions, which hon. Members want to debate, are referred to as "thumb twiddling" by the hon. Member for Wallasey (Ms Eagle). I welcome the report from the Procedure Committee. I am broadly sympathetic to its proposals, which build on the success of e-petitions. I note what she said about the time of her

[Sir George Young]

seminar, which I greatly welcome. The Government will seek to respond to the e-petition debate shortly after that seminar.

Standing Orders provide that a minimum of 35 days should be provided in each Session, and so far we have provided 49. However, I recognise the demand to which she refers, and we will seek to respond to her bid for more time between now and the end of the Session.

Mr Greg Knight (East Yorkshire) (Con): May we have a debate on bad budgeting and the wasting of public money? Has my right hon. Friend seen reports today that the cost of the London Olympics is likely to balloon from £2.3 billion to more than £12 billion—a huge sum that will bring no benefit at all to many parts of the country, including East Yorkshire? When that flaming torch goes round the country, will not the fuel that it is burning be pounds sterling?

Sir George Young: I am surprised by how my right hon. Friend greets the London Olympics. I think he will find that benefits are spread broadly throughout the country, not least from much of the work that is now taking place. My understanding is that the Olympics will be held within budget and that the work is on time. No events are being held in North West Hampshire, but my constituents broadly welcome the London Olympics as something that they are proud this country is holding, and they are glad that the flame is going through North West Hampshire. I wonder whether my right hon. Friend accurately reflects all the views of his constituents.

Valerie Vaz (Walsall South) (Lab): May we have an urgent statement from the Secretary of State for Health on why he dismissed the Health Committee's report as "Westminster nonsense" and "out of date"? He is now telephoning all the royal colleges to tell them to withdraw their opposition to the Bill. Will the Leader of the House use his good offices to get the Secretary of State out of his bunker and into the Chamber?

Sir George Young: The Government will respond in due course to the Health Committee report that was published on Monday, and the House will debate the remaining stages of the Health and Social Care Bill when it completes its passage in another place. I think that my right hon. Friend was perfectly entitled to defend the Government's view on the radio and elsewhere on Monday, and of course he will continue to be held accountable in the House at Question Time and in Opposition day debates, which were also described as "thumb twiddling" by the hon. Member for Wallasey.

Sir Bob Russell (Colchester) (LD): May we have a debate on the charitable not-for-profit sector to deal with what has been described to me as the "Tescofication" of the sector, which is contrary to the big society and localism? For example, Ormiston children and families trust, which operates across the east of England, is about to lose seven of its Sure Start centres in my constituency because Barnardo's has come in and hoovered it up.

Sir George Young: I am sorry to hear of the potential loss of Sure Start centres in my hon. Friend's constituency. I would be happy to pursue the issue with my right hon. Friend the Secretary of State for Work and Pensions, who is anxious to build on the Sure Start initiatives and extend the help that they offer to many people.

Heidi Alexander (Lewisham East) (Lab): Last Friday, a handful of hon. Members waffled on for the best part of five years—*[Laughter]* It felt like it! I mean five hours—to kill the Daylight Saving Bill. In how many other workplaces does the Leader of the House think it would be acceptable for individuals purposely to waste time, and what is he going to do to change the practice here?

Sir George Young: I understand the sense of frustration that the hon. Lady expresses, which is shared by many of my constituents. She will know that the Procedure Committee is conducting an inquiry into the calendar, included within which is a section on private Members' Bills. As I said before, I have examined the matter, and in my view there is no practical way for that Bill to complete its passage through both Houses in the remainder of the Session, even if the Government were to provide time. The best way for it to be taken forward, as I suggested earlier, is for someone to build on the heroic work of my hon. Friend the Member for Castle Point.

Bob Blackman (Harrow East) (Con): One of the first decisions that Mayor Boris Johnson took was to ban the consumption of alcohol on public transport. That has meant that thousands of passengers have been able to enjoy their journeys to and from home. Now, the old pretender threatens to remove the ban if he is re-elected. May we have a debate on the consumption of alcohol on public transport?

Sir George Young: I am grateful to my hon. Friend for bringing to the attention of the House and the wider public some of the issues that will confront Londoners later this year, when they will have to make a choice between the current Mayor of London and the old pretender, as he put it. One of the many reasons for continuing to vote for Boris is exactly the initiative that he mentions.

Graeme Morrice (Livingston) (Lab): Has the Leader of the House been given notice that the Exchequer Secretary to the Treasury intends to make a statement, either written or oral, about the closure of 15 offices of Her Majesty's Revenue and Customs, which was announced yesterday?

Sir George Young: I am not aware of any announcement, and I believe that there is no written ministerial statement today from my hon. Friend the Exchequer Secretary. I will make some inquiries about the issue that the hon. Gentleman raises.

Jeremy Lefroy (Stafford) (Con): May we have a debate on postal prices? Many of my constituents are alarmed by the proposed rises in second and first-class stamps. One of them, Mr Burton, put it very well when he expressed his concern that he would lose the pleasure of the written word.

Sir George Young: I am aware of my hon. Friend's concern, and I will raise the matter with ministerial colleagues at the Department for Business, Innovation

and Skills, who have responsibility for it. He will know that there are efforts to extend competition in postal services, in order potentially to bring down some of the costs of posting mail.

Chris Bryant (Rhondda) (Lab): I do not think the Leader of the House knows his own power. It would be perfectly possible for the Government to take on the Daylight Saving Bill and ask the House of Lords to agree to carry-over to allow it to go into the next Session, then we would be able to have it on the statute book in the next few months. Rather than succumbing to the witterings of a few Members last Friday, why does he not back the wholehearted support for the Bill of nearly everybody else in the House and ensure that it comes to pass?

Sir George Young: I notice that the hon. Gentleman, when he was Deputy Leader of the House, took no steps whatever to change the procedure for private Members' Bills. It has not changed at all; nor is he right in what he says about carry-over in the other place.

Mr Robert Buckland (South Swindon) (Con): Can time be found for a debate on planning applications for mobile telephone masts? The transparency of those applications is causing real concern to many residents in my constituency, and we would welcome a debate at the earliest opportunity.

Sir George Young: I understand my hon. Friend's point, and many of us are aware of concern in our constituencies about communication masts, although my impression is that there is much more sharing than there used to be. There was consultation last year on a national planning policy framework, which included a section on communication masts. That consultation has ended, and the Government will announce their conclusions shortly. I cannot promise a debate, but there may be an opportunity for further discussion when that process is complete.

Mr Dave Watts (St Helens North) (Lab): In answer to a question about cuts affecting disabled children asked by my right hon. Friend the Member for Stirling (Mrs McGuire), the Prime Minister said that she was "wrong". We now know that she was in fact correct. Will the Prime Minister come to the House to make an apology and correct his inaccurate statement?

Sir George Young: My right hon. Friend was quite right in what he said yesterday. I have made some inquiries, and under the introduction of universal credit there will be transitional protection to ensure that there is no cash loss for those whose circumstances otherwise remain the same when they migrate from their existing benefit. The Prime Minister was absolutely right in what he said.

Damian Hinds (East Hampshire) (Con): With jobs and growth right near the top of the agenda, Tuesday's Westminster Hall debate on self-employment was massively oversubscribed by Government Members. Sadly, the entire parliamentary Labour party was unavoidably detained elsewhere. May we have another debate in Government time to allow the Labour party to join the debate on jobs and growth?

Sir George Young: I am sorry that there was an apparent lack of interest in self-employment among Opposition Members. I am sure that their constituents are as interested as ours in the opportunities available for self-employment, particularly under the new enterprise allowance scheme, which I hope will give many people an opportunity to commence their own business and in due course begin to employ other people.

Pete Wishart (Perth and North Perthshire) (SNP): What are the Government going to do about the Scotland Bill? It is back in the Lords today, like a sad, eccentric old aunt that nobody wants to visit. After the momentous events in Scotland of the past couple of weeks, as we move towards independence, are not the Government starting to think about pulling the plug on the sad old dear?

Sir George Young: Absolutely not. The Scotland Bill will implement commitments that I believe all three parties made. The reason progress is not being made at the moment is that one of the options in the consultation document, as I am sure the hon. Gentleman is aware, was to amend the Bill. We need the consultation process to end before we decide whether it needs to be amended as was suggested in that document.

Karen Bradley (Staffordshire Moorlands) (Con): Tomorrow morning I will have my monthly slot on Moorlands Radio, which is on 103.7, in case you, Mr Speaker, should ever be in Staffordshire Moorlands. It is a great community local radio station, and like many up and down the country it provides access to information for local organisations, charities, events and good causes. However, it faces many challenges, so will the Leader of the House find time for a debate on community local radio stations and what we can do to support them?

Sir George Young: I am sure that we would all like to take part in that debate, particularly if it were recorded by our own community radio stations. The Government are a keen supporter of community radio and allocate some £450,000 to the community radio fund. I commend my hon. Friend's work to get more resources for Moorlands Radio. All such radio stations are a means for MPs to communicate with our constituents, listen to their concerns and reflect them in the House.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Will the Leader of the House shed some daylight, if not sunlight, on what the universities Minister is getting up to? We had a White Paper on higher education, but now it has seeped out of the Department for Business, Innovation and Skills that there will be no higher education Bill. What is going on? There is a rumour that there is some bold initiative on higher education that is so secret that someone would have to be shot if they heard it.

Sir George Young: In which case, I am very glad that I have not heard it.

The contents of the Queen's Speech will be made available to the House in due course. Not only is the date of that event still unknown, but its contents are still a matter of ministerial discussion.

Greg Mulholland (Leeds North West) (LD): May we have a debate on the process of applying for village

[Greg Mulholland]

green status? In 2004, "Keep Yeadon Banks Green" applied for village green status for Yeadon Banks. Several attempts by Leeds Group plc to block it have been overturned, including in the High Court, but now, in 2012, we are having to take the matter to the Supreme Court, which is outrageous. May we have a debate on simplifying the process so that areas get the protection they need?

Sir George Young: I understand that part of the matter is covered in the Localism Act 2011, but many hon. Members have the same problem as my hon. Friend. I will draw it to the attention of Ministers at the Department for Communities and Local Government, but I am sure that many people would welcome any efforts that he might make to have it debated either in this Chamber or in Westminster Hall.

Mrs Madeleine Moon (Bridgend) (Lab): N-ergy is a social enterprise working across more than 40 prisons in England and the five Welsh prisons, offering vocational and employability programmes to offenders and ex-offenders. However, like many successful SMEs working in specialist areas, it is unable to bid for public procurement contracts because its turnover is not seen as being high enough. May we have a debate on developing a separate public procurement process for SMEs, so that some of their innovative and new ideas can be brought into Government contracting?

Sir George Young: I commend the work that many voluntary organisations do to help those who are in prison get the skills that they need to cope when they leave. There will be an opportunity to raise that specific issue with my right hon. Friend the Minister for the Cabinet Office, who has responsibility for procurement, on 8 February, but in the meantime I will raise with him the option that she mentions of having a separate category so that organisations such as the one to which the hon. Lady refers might be able to bid for public contracts.

Mark Lancaster (Milton Keynes North) (Con): May we have a debate on apprenticeships? I am sure that the Leader of the House will join me in congratulating the sponsors of the new Milton Keynes apprenticeship academy, which opens today and specialises in IT and accountancy. With such a rise in apprenticeships, does he agree that it is vital that they should be led by demand from businesses?

Sir George Young: I welcome what is happening in my hon. Friend's constituency, and the issue of apprenticeships was touched on in the Opposition day debate that we had on Monday. He will applaud the work that the Government are doing to increase the number of apprenticeships very substantially, and I agree entirely that that should happen in response to the needs of businesses. Apprentices should get the skills that they need to apply for the jobs in our constituencies.

Mr Ben Bradshaw (Exeter) (Lab): I hope the Leader of the House sensed the House's disappointment in his reply to the right hon. Member for Saffron Walden (Sir Alan Haselhurst) on the Daylight Saving Bill. Given the overwhelming support for the Bill, the outrageous wrecking tactics last Friday and the fact that this House is not exactly inundated with Government business, why does the Leader of the House not introduce a Government Bill in the next two weeks?

Sir George Young: I believe that, like the hon. Member for Rhondda (Chris Bryant), the right hon. Gentleman also had responsibilities as Deputy Leader of the House in a previous Parliament, and he took no steps whatever on reform.

Chris Bryant: Answer the question!

Sir George Young: In response to that heckling, I have already answered the question. I have looked at the matter. There is no way that a Bill could complete its passage through both Houses in the time available. My advice remains that a successful Member in the ballot in the next Session should pick up the baton currently held by my hon. Friend the Member for Castle Point (Rebecca Harris).

Several hon. Members *rose—*

Mr Speaker: Order. I remind the House that there is heavy pressure—extensive pressure—on time, and I would appeal to colleagues who might have dreamed up lengthy questions to shorten them to single sentence questions. If they do so, they will be helping other colleagues to get in.

John Glen (Salisbury) (Con): Will the Leader of the House urgently make time for a debate on judicial reform in the Republic of the Maldives? Although the judiciary is constitutionally independent, sitting judges are underqualified, often corrupt and hostile to the democratically elected regime.

Sir George Young: The Under-Secretary of State for Foreign and Commonwealth Affairs, my hon. Friend the Member for North East Bedfordshire (Alistair Burt), is seized of this problem and is in touch with the Maldives President to see whether we can resolve the impasse. The high commission in Colombo is also engaged. We want to help the Maldives to make progress towards democratic reform in the direction that my hon. Friend the Member for Salisbury (John Glen) outlines.

Paul Blomfield (Sheffield Central) (Lab): May I press the case for a statement from the Business Secretary on higher education policy, to end the uncertainty that has been created by the Government's chaotic way of developing their policy, which is causing enormous damage to our universities?

Sir George Young: I reject the hon. Gentleman's accusation of confusion. There will be an opportunity to cross-question my right hon. Friend the Secretary of State for Business, Innovation and Skills the next time his Department answers questions. Our proposals for education reform that have gone through the House have been broadly welcomed.

Andrew Percy (Brigg and Goole) (Con): In the autumn statement the Chancellor provided the Humber bridge

with £150 million so that tolls could be cut, for which all had argued. Sadly, a Labour council in the region has rejected that offer, meaning that our tolls could stay at £3 for vehicles. May we have statement from the Transport Secretary on that subject?

Sir George Young: I understand my hon. Friend's concern. I will, of course, raise the issue with my right hon. Friend the Secretary of State for Transport to see whether she can take any action to resolve this dilemma.

Gavin Shuker (Luton South) (Lab/Co-op): The House will be aware that the climate change risk assessment was published this week, because it was briefed heavily two days ago to the newspapers. Hon. Members will have seen it in their papers this morning, but as yet no executive summary is available in the Vote Office. Will the Leader of the House have a word with the Secretary of State for Environment, Food and Rural Affairs and ask her to pull her finger out?

Sir George Young: I may make a request, but it will not be so indelicately put as the hon. Gentleman suggests. I will convey his concerns to my right hon. Friend and see whether she can respond constructively.

Mark Menzies (Fylde) (Con): Dementia is one of the cruellest diseases of our age. Will my right hon. Friend make time available to discuss not only dementia but the support we provide to those who care for sufferers?

Sir George Young: My hon. Friend raises an important subject. Some 600,000 people care for those who suffer from dementia. The Government have sought to help by putting £400 million into the NHS to provide the resources for breaks for those people. We outlined our strategy in a document published last year. I would welcome a debate; my hon. Friend might like to approach the Backbench Business Committee.

Mr Denis MacShane (Rotherham) (Lab): May we have a debate on the extraordinary refusal of Mr Christopher Graham, the Information Commissioner, to reveal details to some 17,000 victims of newspapers that were blagging and finding out personal details using Mr Steve Whittamore? It is extraordinary that the Information Commissioner—of all people—is denying the British people their right to know. The details are with the police and the newspapers, but not with the victims themselves. This is not Stasi time for the Information Commissioner.

Sir George Young: The right hon. Gentleman will know that there is a process of appeal against the Information Commissioner's decisions, which is open to those who object to them in the way that he has outlined. I am not sure that it would be appropriate for the Government to get involved.

James Morris (Halesowen and Rowley Regis) (Con): The people of Halesowen and Rowley Regis are rightly anxious to see action against the something-for-nothing society at all levels. May we have a debate in Government time to explore why the previous Government did not get undertakings on executive pay from banks that took taxpayers' money, and a debate on what this Government are doing to curb bankers' bonuses?

Sir George Young: I would welcome such a debate. My hon. Friend will know that we have introduced a bank levy that raises £2.6 billion a year, and reduced bonus payouts, which are now some 40% lower than under the previous Government, who, as he says, took no action whatever in that important area.

Dame Joan Ruddock (Lewisham, Deptford) (Lab): Following the farce of last Friday, will the Leader of the House agree that it is important for the Speaker to be given powers to limit the length of speeches by Back Benchers in debates on private Members' Bills?

Sir George Young: You, Mr Speaker, will have heard that question, which was directed towards you rather than me. I would not want to prejudice my position in any way by beginning to answer it.

Gavin Barwell (Croydon Central) (Con): May we have a debate on what the Chancellor has done to tackle tax avoidance and on what else could be done, so that hard-pressed taxpayers in Croydon and elsewhere can be confident that they are not paying a penny more for people who are allowed to get away without paying their fair share?

Sir George Young: My hon. Friend raises an important issue. We are introducing measures that will raise around £4 billion over the current Parliament by clamping down on tax avoidance. Some 2,250 HM Revenue and Customs staff are moving into a new anti-evasion and avoidance unity. We took action in the previous Budget to close loopholes.

Kevin Brennan (Cardiff West) (Lab): Why have the Government failed to provide support or time for the Metal Theft (Prevention) Bill, which was due to be discussed last Friday? It is supported by hon. Members on both sides of the House in every party, and there is a crisis out there in the country. It could have got through in time. What is the reason for the Government's lack of support? Is it petty party politics?

Sir George Young: I do not know whether the hon. Gentleman has had time to look at the written ministerial statement by the Home Office today, but it outlines the action the Government are taking on scrap metal dealers. I know he was on television earlier this morning, which may have detained him from looking at that.

Martin Vickers (Cleethorpes) (Con): My constituents are dismayed to find that, following the resignation of one of their MEPs, they will have no say in who her successor will be. Their cynicism in the political process increased when they found that her successor will be her husband. Will the Leader of the House find time for a debate on the process of replacing our MEPs?

Sir George Young: The process that my hon. Friend outlines—whatever feelings it may engender—is set out in statute and enshrined in legislation. I would be misleading him if I said I had any plans to amend it.

Caroline Lucas (Brighton, Pavilion) (Green): The Government's decision to appeal against the Court ruling that it was illegal to slash solar tariffs retrospectively

[Caroline Lucas]

raises critical questions about whether the UK is a safe place to invest at all. The CBI has said that it

"creates a mood of uncertainty that puts off investors".

May we therefore have an urgent debate on the impact of that decision on investor confidence in the UK?

Sir George Young: I cannot promise an early debate, and the hon. Lady will know—I suspect that she was in her place—that that was dealt with at some length an hour ago in Department of Energy and Climate Change questions.

Andrew Jones (Harrogate and Knaresborough) (Con): The average weekly earnings for jobs in my constituency are £450—£23,400 per year less than the regional and national average. My area has therefore benefited disproportionately from the increases in personal tax allowances. Please may we have a debate on the work the Government are undertaking further to reconnect work and reward?

Sir George Young: My hon. Friend makes a good point. He will have an opportunity next Wednesday when we debate amendments to the Welfare Reform Bill to develop his arguments at greater length. The steps we are taking are designed precisely to do what my hon. Friend has suggested—to make work pay and remove some of the perverse disincentives from the system that we inherited.

Barry Gardiner (Brent North) (Lab): May we have a debate in Government time on the sustainability of the London Olympic games following the resignation this morning of Ms Meredith Alexander as the sustainability commissioner? She said that she resigned in protest against the commission being used to justify the sponsorship deal between the London Organising Committee of the Olympic Games and Paralympic Games and Dow Chemical. She has made particular allegations about irregularities, saying that 12 out of 13 commissioners knew nothing about a report that was claimed to be produced by the commission.

Sir George Young: My right hon. Friend the Secretary of State for Culture, Olympics, Media and Sport was asked about this earlier by the Select Committee on Culture, Media and Sport, and gave the Government's response. As the hon. Gentleman knows, Dow did not own Union Carbide at the time of the tragedy and I do not think there are good reasons, as my right hon. Friend the Secretary of State said, for taking the action that was taken.

Mike Crockart (Edinburgh West) (LD): Would my right hon. Friend agree to a debate about the provision of Government services to the deaf and hard of hearing? On Monday I had the first surgery with a deaf British sign language user in my constituency using Deaf Action's SignVideo system over the internet. We must be assured that all services, whether in education, health or justice, are equally accessible.

Sir George Young: I am sure that every Member of the House would agree with the proposition, which my hon. Friend has just put forward, that services should be more accessible to those who are deaf or hard of hearing. I will raise the issue with my hon. Friend the Under-Secretary of State for Work and Pensions, who has responsibility for disabilities, and then let my hon. Friend know what steps we have already taken in this area and what further steps are planned.

Bill Esterson (Sefton Central) (Lab): The Leader of the House will be familiar with the saying "Where there's a will, there's a way". The public want a Bill on daylight saving, as do Members across this House. Will he think again? Will he find the will and find a way?

Sir George Young: I understand the hon. Gentleman's concern. Indeed, I myself sponsored such a private Member's Bill with my hon. Friend the Member for South Suffolk (Mr Yeo)—I think it was in the Parliament before last—and I had exactly the same problem that the hon. Gentleman has just referred to: his party's Government did nothing whatever. I have outlined a way forward. The Government have agreed a Bill in the terms produced by my hon. Friend the Member for Castle Point, and I think that is the best way forward.

Robert Halfon (Harlow) (Con): May we have a debate on lower taxes for lower earners, given that poor motorists will be hit twice as hard as richer motorists if petrol and diesel duties rise? Can my right hon. Friend urge the Chancellor to cut petrol and diesel tax in the next Budget?

Sir George Young: I will relay to my right hon. Friend the Chancellor the bid that my hon. Friend has just made. I commend what he did with the e-petition on the issue last year, which resulted in the postponement of an increase that was due earlier this month.

Jonathan Ashworth (Leicester South) (Lab): I thank the Leader of the House for scheduling a debate on the Somalia conference—a debate that I called for last week. May I ask him for an urgent statement on the businesses affected by the riots and disturbances last August? Leicester businesses have learnt that they are not eligible for any money from the policy authority, and we learnt from the Minister for Policing and Criminal Justice yesterday that they are not eligible for any of the other compensation schemes either. Leicester businesses are hugely disappointed about that, if not furious, as am I.

Sir George Young: I am grateful to the hon. Gentleman, not least for the plug for business questions on his blog earlier this week. I am also grateful for what he said about the Somalia conference. Compensation is available for those who suffered loss in the riots, either from the police authority or from local government. I will chase up the issues that he has referred to and see whether we can make progress to help his retailers.

Philip Davies (Shipley) (Con): Can we have a debate on employment tribunals? A large number of businesses in my constituency are concerned about the number of vexatious complaints that are taken to employment tribunals, which they find very expensive to defend against, particularly in these times. I know that the Government want to help with this, and a debate in the House might help them in that regard.

Sir George Young: My hon. Friend will know that we have proposed some changes to the employment tribunal regime, one of which would oblige those who are taking cases to an employment tribunal to make a contribution towards the costs. I hope that those and other initiatives that we announced last year will go some way to meeting my hon. Friend's aspirations.

Mr Robin Walker (Worcester) (Con): Can the Leader of the House advise how the scores of hon. Members who spoke out in the Back-Bench debates on BBC local radio can put on record their support for the recommendations made by Lord Patten yesterday that many of the planned cuts be reversed and that afternoon programming be protected?

Sir George Young: I am grateful to my hon. Friend; that sounds an appropriate subject for a Backbench Business Committee debate. I welcome what Lord Patten said yesterday when he indicated that some of the proposed closures of local radio stations were being rethought. I am sure that we would all support that initiative and want to encourage whatever support is necessary to maintain local radio in our constituencies.

Christopher Pincher (Tamworth) (Con): Can we have a debate on the right to buy, giving us an opportunity to discuss how we can help all those strivers out there and the Opposition the opportunity to turn up, which they did not do in the self-employment debate?

Sir George Young: I would welcome another debate on self-employment. We hope that the new enterprise allowance will help up to 40,000 unemployed people start up businesses by 2013. We all have a role to play in bringing home to our constituents the opportunities available for self-employment, which have been promoted by some of our initiatives.

Priti Patel (Witham) (Con): My constituent Mr Philip Wright has been persecuted by HMRC for more than 12 years over a test case involving construction workers and their contracted terms of employment. In light of the huge cost of this case for the taxpayer, can we have a debate on HMRC, and in particular, when it will stop harassing my constituent and bring the case to an end?

Sir George Young: Sitting next to me on the Front Bench is the Financial Secretary to the Treasury, who has noted the protest that my hon. Friend has made and has now undertaken to raise it with his colleague—

The Financial Secretary to the Treasury (Mr Mark Hoban): The Exchequer Secretary.

Sir George Young: My hon. Friend has undertaken to raise the matter with the Exchequer Secretary, who has responsibility for taxation.

Graham Evans (Weaver Vale) (Con): Given the recent unemployment figures, can we have a further debate on High Speed 2 and how it will directly create tens of thousands of jobs in the midlands and the north, solve the capacity challenge of the west coast main line and help equip our economy to compete in the 21st century?

Sir George Young: I am grateful to my hon. Friend for his support for HS2. I think I am right in saying that we have recently had at least one debate on HS2. Whether there is appetite for another one in the immediate future I am not sure, but I am grateful to him for his support for the project.

Tessa Munt (Wells) (LD): The main difference between the rich and the poor is, of course, that the rich have money to save and the poor have to spend nearly every penny they have. Will the Leader of the House please give time for a debate in the run-up to the next Budget on the obvious merits of raising the income tax threshold to £10,000 before 2015, lifting more people out of income tax altogether?

Sir George Young: My hon. Friend will know that section 29 of the coalition agreement sets out a commitment to raise the threshold to £10,000 during this Parliament, and the Deputy Prime Minister is making a statement today. This will be taken on board by the Chancellor as he prepares his Budget statement.

Mr Speaker: I am extremely grateful to the Leader of the House and to colleagues for their brevity, which meant that 44 Back Benchers were able to take part in 35 minutes of exclusively Back-Bench time. That shows what we can do when we try.

Point of Order

12.16 pm

Barry Gardiner (Brent North) (Lab): On a point of order, Mr Speaker. Have you received a request from the Secretary of State for Culture, Olympics, Media and Sport to come to the House to clarify previous statements made to this House? Those statements made reference to the supposed report for the London Olympics by the Commission for a Sustainable London as the justification for the appointment of Dow Chemical as a sponsor, when the resignation of Ms Meredith Alexander this morning has in fact proved that no such report was prepared by the commission at all. Indeed, 12 out of the 13 members of the commission knew nothing about it until the letter from Shaun McCarthy to my right hon. Friend the Member for Dulwich and West Norwood (Tessa Jowell).

Mr Speaker: I am sorry to disappoint the hon. Gentleman, but the short answer to his question is no. I have received no such communication, but the concern that he has registered will have been heard by the Leader of the House and others on the Treasury Bench.

BILL PRESENTED

FINANCIAL SERVICES

Presentation and First Reading (Standing Order No. 57)

Mr Chancellor of the Exchequer, supported by the Prime Minister, the Deputy Prime Minister, Secretary Vince Cable, Danny Alexander, Mr Mark Hoban, Mr David Gauke, Miss Chloe Smith and Mr Edward Davey, presented a Bill to amend the Bank of England Act 1998, the Financial Services and Markets Act 2000 and the Banking Act 2009; to make other provision about financial services and markets; to make provision about the exercise of certain statutory functions relating to building societies, friendly societies and other mutual societies; to amend section 785 of the Companies Act 2006; to make provision enabling the Director of Savings to provide services to other public bodies; and for connected purposes.

Bill read the First time; to be read a Second time on Monday 30 January, and to be printed (Bill 278) with explanatory notes (Bill 278-EN).

Backbench Business

[UN-ALLOTTED DAY]

European Council

Topical debate

Mr Speaker: I remind the House that there is a time limit on Back-Bench speeches, which is subject to review.

12.18 pm

Natascha Engel (North East Derbyshire) (Lab): I beg to move,

That this House has considered the matter of the European Council.

I would like to take this opportunity briefly to mention to this self-selecting group of Members in the Chamber who are taking an interest in EU Council debates that the Backbench Business Committee now has such debates within its remit. In future, therefore, when Members want to have such a debate before the EU Council meets, they should come to the Backbench Business Committee. I will leave it at that.

Mr Speaker: I apologise: I ought to have explained that the time limit on Back-Bench speeches is eight minutes.

12.18 pm

Mr William Cash (Stone) (Con): I am grateful to the Backbench Business Committee and its Chairman for arranging this debate. I am sorry that the Government did not take note of the unanimous view of the European Scrutiny Committee that such a debate should be held in Government time. However, we now have this opportunity to air our views before the Prime Minister goes to the summit. He is to be congratulated on his use of the veto, which I am bound to say I was glad about because I had suggested its use in my pamphlet "It's the EU, Stupid", and in other discussions.

The proposal for fiscal union vitally affects our national interests and our democracy; it is not just about the single market and the City, essential though those matters are. As I said to the Foreign Secretary the other day, once we have crossed the Rubicon we cannot cross it again, and it is imperative that there should be no backsliding at the summit on 30 January. I totally repudiate the attitude of the Deputy Prime Minister that the non-EU treaty of the 26 should eventually be folded into the EU treaties. The Liberal Democrats are an obstruction to our vital national interests. A house divided against itself will fall, and the situation will be worse still if it is built on sand. There are now two Europes, both built on sand, and the situation is not only precarious but dangerous.

What is the root cause of the European crisis? It is not merely a eurozone crisis; it is a crisis of the European Union as a whole. Europe is being destroyed on the altar of ideology. The existing treaties, which cover 70% of our legislation here in the UK, have failed and are the root cause of the crisis in Europe.

Martin Horwood (Cheltenham) (LD): In the light of the hon. Gentleman's attack on the role of the Liberal Democrats in all this, would he accept that the Deputy Prime Minister's hosting of the recent summit of European Liberal leaders—including two Prime Ministers, six

Deputy Prime Ministers and five European Commissioners —to try to bring together a bilateral plan to support jobs, growth and prosperity across Europe was a positive step?

Mr Cash: We are all in favour of growth, but unfortunately the European treaties themselves work against that aim because of the degree of overregulation, and many other matters that I shall come to in a moment.

The lack of growth is contaminating the UK economy. Elsewhere in Europe it is creating civil disorder, with youth unemployment of up to 45% in Greece and Spain, and 30% in Italy. The present European Union is completely undemocratic, and the existing treaties should be sent to a convention so that all the member states could have the opportunity to face one another and decide what kind of Europe they want. In the past, when referendums have been held in France, Holland, Ireland and Denmark, the no vote has been overturned by bribing and threatening the electorate. That kind of behaviour, combined with economic and political crisis, creates a fertile breeding ground for the far right, as I predicted as far back as 1990.

There is no growth in Europe, except in Germany. We cannot grow from a stagnant Europe, and the coalition cannot achieve its main objective of reducing the deficit and achieving growth so long as this paralysis continues. The remedy of the Eurocrats—and, indeed, the leaders of European Government and the Liberal Democrat leadership in this country—is a fatal obstruction to our present and future economic success.

The approach adopted by the Prime Minister today at Davos reflects the view that I expressed in my pamphlet "It's the EU, Stupid" and the growth paper that has been circulated to all Members of Parliament and the Lords and others, as well as in my remarks to the Minister of State, Cabinet Office, which is that we need to refocus our trade towards the rest of the world and not rely on the fact that we have 40% to 50% of our trade with the EU to provide the mainspring of our economic future.

Kelvin Hopkins (Luton North) (Lab): Emphasis is constantly placed on our trade with the European Union, but it is not always pointed out that we have a massive trade deficit with the EU. Given the austerity measures here and over there—but particularly over there—that is only going to get worse.

Mr Cash: Indeed. In 2009 there was a trade deficit of £14 billion in goods and services, but since then it has risen to £51 million. Those figures speak for themselves.

Cuts in public expenditure cannot solve the problem on their own. We need enterprise for small and medium-sized businesses and drastic cuts in overregulation. We need enterprise, not strangulation. Indeed, we must insist on our ability to enter into trade relationships on our own terms, in our own national interests, and not be confined to a single trade policy dictated by the European Commission.

I was deeply alarmed to read in today's *City A.M.* that Angela Merkel at Davos is encouraging more integration. She is quoted as saying:

> "We have to become used to the European Commission becoming more and more like a government."

She urges more and more Europe, but that Europe would be both undemocratic and increasingly dominated by Germany itself, as I have repeatedly stated for 20 years, and as *The Economist* concedes in this week's edition. It states, following France's downgrading, that

> "the balance of power has long been shifting from the French President to the German Chancellor",

and a former French economic Minister has said that

> "Berlin is alone in the cockpit".

That is not healthy for Germany or the UK, and certainly not for Europe. It now seems certain that President Sarkozy is on the way out, and Italy and Greece have technocratic Prime Ministers. Democracy is dwindling and diminishing. The Franco-German partnership is now a hollow reminder of German strength and French weakness. This is all the more reason why the UK must insist on leading Europe out of this crisis with Euro-realist policies and an insistence on government by consent. Sadly, Germany believes in government by rule, and is now even proposing the European Commission as the anchor of European government.

There has been much agitated activity in seeking to resolve the Greek bankruptcy, but there has been no result. A few days ago I came across a five-page article written in 1998 setting out exactly why Greece should not be allowed into the European Union, which was of course ignored. Every member state is responsible for this failure of judgment and must bear the consequences. It is a pity that those such as George Soros who are now wringing their hands in Davos did not listen to the Euro-realist arguments instead of condemning and mocking them.

On the draft agreement, we must bear in mind that the issues now being presented to the British electorate and the European Union are more political than legal. There are still fundamental legal problems in the latest draft of the agreement between the 26. There must be no misunderstanding: this deal is flawed in seeking to incorporate the European Commission and the European Court of Justice, which are institutions of the EU, into a non-EU treaty.

Furthermore, what is the basis in the treaty on the functioning of the European Union for the proposed powers, including infringement powers, to be conferred on the European Commission under article 8 of the agreement? Prima facie, that is unlawful, given the prohibition on infringement proceedings under article 126(10) of the treaty. There are serious doubts about the use of article 273 in relation to issues of jurisdiction. There is also the issue of enhanced co-operation under article 10, which bypasses the treaty requirement that enhanced co-operation should be used only as a last resort; the agreement proposes its use "whenever appropriate and necessary". This could cause serious damage to British national interests in relation to the internal market.

My Committee, the European Scrutiny Committee, will be investigating all these matters with the assistance of evidence from witnesses from all sides of the equation. There is a further problem of whether the treaty to establish the European stability mechanism can come into force before the amendment to the Lisbon treaty, so that member states could allow such a treaty, given that the United Kingdom has not yet ratified it. I would be grateful if the Minister would answer these questions

[Mr Cash]

when he responds to the debate; I hope that he is listening to what I am saying. We urgently need to know whether the Government have received the fifth, and presumably final, draft. If not, will he tell us when they will, and when it will be sent to the European Scrutiny Committee?

With regard to article 13, will the UK Parliament be involved in the proposed inter-parliamentary conference? If so, will the European Scrutiny Committee be invited to attend? At present no one knows how that arrangement will work in practice—there are serious question marks over the agreement—but we know that it will be determined by German demands and conditions. I do not blame Germany for its pride and defence of its own national interests, but I do not believe that we the UK should pay one penny to provide funds for an EU bail-out which, if it were done within the European Union itself, would be blatantly unlawful.

Mme Lagarde, who is now head of the International Monetary Fund, openly admitted in September 2010 that to save the euro,

"we violated all the rules".

It is ironic that she should now be in charge of a further attempt to bypass the rules. That is outrageous, and I am glad that America has quite rightly said that it believes that Europe should sort out its own mess. However, that will be achieved through policies for genuine growth, and not through bail-outs with fictitious money and a refusal to face up to Euro-reality.

We now live in peaceful democratic times, and we must therefore insist on our Westminster democracy as the basis for protecting our national interest. Let us therefore get down to the business of letting the British people have their say, and of saving the United Kingdom from impending disaster and the European Union from itself. We must turn our eyes to the sunlit uplands of enterprise and international trade, earn our way in the world by our own efforts and re-create the foundations of true independence of action and prosperity for our own country.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): On a point of order, Mr Speaker. I apologise for interrupting the debate, but my attention has been drawn to media reports about the future of RAF Northolt, which is next to my constituency. Apparently, there might be Government plans to develop RAF Northolt as an alternative to the Boris island airport, or as a satellite terminal for Heathrow. That is potentially of huge concern to my constituents, and I wonder whether you have received a statement from the Government setting out their real thinking.

Mr Speaker: I have received no indication from the Government of their intentions on this matter, but I have a hunch that the hon. Gentleman will pursue the issue doggedly and tenaciously.

12.30 pm

Mike Gapes (Ilford South) (Lab/Co-op): The decision by the Prime Minister to walk away from potential agreement at the European Council in December is a disaster for our country and for its long-term influence in the European Union. No previous Conservative Prime Minister, whether John Major or Baroness Thatcher, had taken such an approach, and we are about to see the consequences of the current Prime Minister's decision in the developments going on in the European Union this week. ECOFIN met this week to consider the fourth draft of the agreement—on which the House of Commons Library has produced a helpful note—for the proposed inter-governmental arrangement on the future of the eurozone. That fourth draft agreement made some progress at this week's meeting, but two issues were left for the bigger meeting that will take place in the next few days: further discussion about qualified majority voting and debt and deficit criteria; and the attendance of non-eurozone member states at the summit.

Kelvin Hopkins: I must say that I find my hon. Friend's speech somewhat astonishing in blaming Britain for the problems in the eurozone. The problem, as the Father of the House said at Prime Minister's questions yesterday, is that the Germans are refusing to bail out the weaker members.

Mike Gapes: If my hon. Friend looks at *Hansard*, he will see that I was not blaming Britain for the problems in the eurozone, but saying correctly that our influence in the European Union will be reduced because of the misguided tactics adopted by the Prime Minister.

Mr John Redwood (Wokingham) (Con): Will the hon. Gentleman give way?

Mike Gapes: I will make some progress first.

As a result of the European Union Act 2011, the Prime Minister has boxed himself into a position in which there must be no potential for a referendum in this country. As he was trying to assuage his 81 Europhobic Back Benchers, he took the easy option of making a political decision rather than one in the national interest, which would have been to remain in the negotiations and to carry on trying to influence the outcome. As a result, when discussions conclude on the arrangements, if they are based on the fourth draft agreement—I quote the House of Commons Library Paper—

"the Heads of State or Government of contracting parties whose currency is not the euro who have ratified this Treaty and have declared their intention to be bound by some of its provisions"

would be invited

"to a meeting of the Euro Summit".

However, those who did not agree to the intention to be bound by the provisions and were not participating would have no automatic right to attend. The Library paper states:

"This would appear to exclude the UK as a non-Euro, but crucially also a non-contracting State."

There is a potential, therefore, for us no longer to be in the room, even as an observer, because of our misguided decision in December to walk away from the process.

Mr Edward Leigh (Gainsborough) (Con): Is the hon. Gentleman seriously suggesting that it is wrong not to be in a room that is about as robust as a sinking Italian cruise liner?

Mike Gapes: I suspect that when the eurozone finally resolves the crisis, whether this week, which is doubtful, or on 1 and 2 March, which might be more likely, and when the 20 or so countries—perhaps 25 or 26, depending on how many of the existing 17 euro countries and the others eventually sign up to the package—agree to abide by the provisions, our influence will cease to be as strong as it has been. As a result, one other thing will develop: the pre-meeting discussions that take place within the European People's party network, the conservative group that dominates the politics of the European Union—the right of centre, not the left of centre, are in control in the EU—the Sarkozy-Merkel meetings, or meetings involving Poland and the new right-wing Government in Spain, will not include the UK. When the bigger countries pre-cook the agendas, we will not be there and we will not be heard. That is potentially very dangerous.

Mr Redwood: Does the hon. Gentleman not understand that one has to pay to play? If we were in the room, the other countries would expect us to divvy up, as they are short of money.

Mike Gapes: More than half our trade is with the European Union. Our companies, and the future of the City of London and its relationship with the eurozone economy, are greatly affected by what happens in Europe. Those who want to move out to the middle of the Atlantic or who believe that somehow we can reinvigorate the Commonwealth and go back to imperial preference, are not living in the real world for the British economy. Our national interest is to have prosperity and success. As the Chancellor of the Exchequer has made clear, it is in Britain's national interest for the eurozone to succeed and for the current crisis to be resolved. Clearly, Conservative Members do not agree with the Chancellor's words. They wish to see the eurozone fail—[HON. MEMBERS: "Rubbish!"] Well, the hon. Member for Gainsborough (Mr Leigh) seemed to say that. If he disagrees, he can intervene again. They want to see the eurozone fail because they believe that somehow that will be in the national interest of this country. It will not.

Several hon. Members *rose—*

Mike Gapes: I have no time left.

It is time that the country looked to its long-term national interests, as opposed to the short-term party interests of this dysfunctional coalition. Those long-term national interests are in working consistently and positively in Europe, and recognising that we have potential allies in Europe. However, our misguided negotiating tactics have forced those potential allies away from us. This is the most self-defeating, insane strategy. It is not in our long-term national interests, and it is a shame for our country.

12.38 pm

Damian Collins (Folkestone and Hythe) (Con): Following the remarks of the hon. Member for Ilford South (Mike Gapes), it should be stated clearly that we can never have a negotiating position, in any area of life, let alone in a European Council meeting, if we are never prepared to say no and walk away from the table. Otherwise, people will believe that we will always capitulate, and that nothing we say is worth listening to. That must be one lesson that we take from the European Council in December.

Whatever view hon. Members hold about that Council and the decisions that were taken, we cannot doubt that the European Union is at a fundamental crossroads at which it must confront a number of serious issues that affect all European Union citizens. As the financial crisis has made plain, the European Union—its treaties and economic and monetary union—has not made Europe stronger; indeed, its weaknesses have been made all the more clear. Currency union has not made countries such as Greece, Portugal and Spain competitive with countries such as Germany. In some ways, it has exacerbated their weaknesses. Currency union has made it easier for countries such as Germany to export at low cost across the countries of Europe and has held back the march of competitiveness that should have come in some of the weaker countries.

The mechanisms of stability and convergence created at Maastricht to try to bring economies closer together have, over the years, been undermined by member states and have not been followed. If they had, perhaps the crisis would not have been as great as it is. We are where we are, however, and the challenge for Europe is now a test of nerve— whether it will plough on in the same old way or whether it is serious about embracing change and leading in a fundamentally new direction towards a Europe that is more competitive and open, which embraces the world rather than seeking to pull in on itself.

Kelvin Hopkins: Does the hon. Gentleman agree that if European Union member states had their own currencies and could adjust them to the appropriate parities for their economies, they would all be more able to reflate and we could have better growth and prosperity for everyone?

Damian Collins: The hon. Gentleman makes a good point and I am sure that citizens in Greece, Portugal, Italy and Spain will be asking in whose interest is the survival of the euro as it stands. They will be able to see that it is in the interests of the Germans and some of the stronger economies, as they have an artificially low currency that makes it easier for them to export across Europe. I am sure that is one reason that the German economy has continued to do well. Those citizens will also ask, however, what is in it for them and whether they—and Europe—would be better off in the long run if countries with weaker economies and bigger problems with debt were able to reach a much more sustainable level for their currency.

Chris Bryant (Rhondda) (Lab): In actual fact, in countries such as Spain and Greece there is no such campaign to leave the euro—any campaign, such as it is, is very minor. The vast majority of people accept that the euro is there to stay and they want to make it work.

To return to the hon. Gentleman's earlier point about the stability and growth pact, the only way that it could have worked would have been if the European Union had had power to enforce audit on countries and to enforce the rules. That is an argument for more Europe, not for less.

Damian Collins: The problem with the stability rules has been that when there should have been interventions or challenges the opportunity has been ducked. That has allowed countries to fudge the rules, has made a shambles of the stability pact and has undoubtedly led to the crisis we face now. It demonstrates something that many hon. Members have known for a very long time: this was primarily a political project and the objective was to get as many countries in as possible and to keep them in whatever the cost, even if the cost was to the member states.

The other point made by the hon. Member for Rhondda (Chris Bryant) was about the concern in member states about whether staying in the euro is good for them or not. Since the December Council we have seen a greater understanding of what staying in the euro will mean. In effect, as my hon. Friend the Member for Stone (Mr Cash) said in his speech, it will mean that the European Commission will decide on budgets for member states, on debt levels and on spending and will enforce measures through the European Court to correct those states if they do not comply. The price of continued membership of the eurozone will then look increasingly high. I believe that might lead some countries to question whether to stay in—or, perhaps, the markets will make that decision for them. No doubt the events of the next few months will give us a good idea of how that will play out.

The challenge is for Europe not to continue as a fortress Europe, but, instead, to be a market Europe that looks to open itself up to the world. That is the best thing for its competitiveness and prosperity and for the future of all its citizens.

This month, the European Council published "The European Council in 2011" , which looks back at the previous year. The President of the Council, Mr Van Rompuy, said that

> "we can draw confidence from the political will we mustered in the past year".

I am glad that one person in Europe draws confidence from the political will mustered by the European Council, because I think most people see a failure of leadership and a great deal of concern about the effectiveness of that body to lead in the future.

In the same chapter of the book, which is entitled "The road ahead", Mr Van Rompuy goes on to say:

> "The key for the future is to harness the forces of change."

I believe that is right: Europe needs to harness the forces of change. That requires a change of direction, however, rather than acceleration down the old worn path, which is where it is heading.

The document also states that the level of economic integration—in effect, the creation of a common economic policy—will remain high on the agenda for the European Council this year. It states:

> "'Member States shall regard their economic policies as a matter of common concern'. In 2012, we will further examine a deepening of our economic union, a subject on which I will report to the March European Council."

It goes on to say:

> "We must demonstrate that the euro is more than a currency: an irreversible project, a common destiny."

That underlines the concerns that many of us have had for some time that the leaders of the European Council and leaders in Europe have been blinded by the political objectives behind the euro to whether it is truly sustainable for those countries.

Hon. Members have already remarked that trade is an important part of our membership of the European Union and that half of our trade is with the EU. That is true, but UK trade figures for the past 10 years show that the growth comes from trade not with the member states of the European Union but with the emerging consumer markets around the world, in Brazil, Russia, China and India. That is common in countries such as Germany, too, because as the world economy grows and there are more consumers, we need to be in the market competing for their goods and services.

Mr Redwood: Does my hon. Friend recognise that because of the Rotterdam entrepot effect of goods going through that port to other parts of the world and because of large service exports to non-EU countries, the true figure is under a third? It is nowhere near half.

Damian Collins: I thank my right hon. Friend for that important contribution. It follows my point that the future of our trade and growth will increasingly lie beyond the borders of the EU and not solely within it. That should not make us any less European; we must simply recognise that the world economy is growing, that it is growing outside the EU and that those economies are increasingly competitive. They have more consumers with more money in their pockets and more demand for the products we can sell. Our challenge, and that for Europe, is to make ourselves open to those markets. Rather than having European rules and regulations, particularly on social and environmental law, that seek to add costs and make us less competitive, we should review them and consider whether they are truly fit for the modern world in which we live. That would give us the chance to compete in this more competitive and growing global economy.

That is the crisis that Europe faces as it reaches its crossroads. Its rules and regulations have created a union that is less competitive than it should be and more weighed down with debt. Currency union has not supported the weaker countries but has emboldened and added weight to the strength of those already strong economies, such as Germany. Those fundamental issues must be addressed as Europe faces its crisis. I believe that they are the issues that the Council must tackle. It will require a more flexible and open Europe in which, I believe, the UK can act as a fellow traveller, setting the course of direction. We must be very clear that if Europe will not move and will not change, we cannot afford to be held back by it.

12.46 pm

Mr Denis MacShane (Rotherham) (Lab): It is a pleasure to follow the speech of the hon. Member for Folkestone and Hythe (Damian Collins), which was measured and considered. He will forgive me if I do not embrace his term "fellow traveller" as Britain's destiny in the coming years, as those of us who know our history do not really like that language.

I was rather worried when the hon. Gentleman said that "the markets will make that decision for them", "them" being the people. I rather hope that at some stage we might have some recognition from the Conservative party that markets should be the servants of the people, not their masters.

Damian Collins: The point I was making was that the markets will make the decision for the European Council members and for the Governments and that if they do not act, they will be forced out.

Mr MacShane: I am very happy to hear the hon. Gentleman gloss over his speech, but that is the point I was making.

I am all for exporting to the BRICs, but their growth rates are slowing. India is talking about a return to "Hindu economic growth" and China might go as low as 8% or 7%, which is a real worry for the Chinese authorities. The same is the case in Brazil—*[Interruption.]* Hon. Members say that that is not bad and, of course, I would love a 7% growth rate for my own country, and I shall come to that. However, rapidly developing countries throughout history have had very high growth rates when peasants and others move from the fields and core industries are developed, but the plain fact is that we export more to Ireland than to all the BRICs combined. Belgium exports more to India than we do. The absurd notion that Brazil, India or Russia, run by kleptocrats, are an alternative to the mature, balanced, middle-class consumer economies of the European Union is not right.

Mr Redwood: Does not the hon. Gentleman understand that the markets that feed and clothe him are the people? The markets we are talking about today are his pension savings, his other savings and those of millions of other people who are trying to protect themselves from the euro disaster.

Mr MacShane: I do not really want to get into a debate about the markets as I am also pro-market, but the markets are also Mr Hester, the hedge fund billionaires and the donors to the Conservative party who make a fortune out of speculation and who have so increased inequalities in the past 30 years that we now have a generalised social crisis that might cause severe dislocation.

I do not share the cataclysmic views that some have about what the Prime Minister did on 9 December. I think he was ill-advised, that he allowed the Treasury to run the negotiations and that the key decision was taken at a time—2.30 am—when no sane person should take a decision. None the less, the plain fact is that across the rest of the European Union there is a sense that Britain does not want to engage or be fully part of the EU. Last week, at a conference with the former French Defence Minister who negotiated the French side of the French-British defence treaty of 2010, I was surprised to hear his extraordinary, virulent attack on what one could call "Albion perfide" and how Britain was no longer a defence player with France, was not prepared to co-operate and was doing all it could, he said, to sabotage the good effects that the treaty would have. That is the reputation we have and that worries me.

It also worries me to hear reports that one of the new intake on the Government Benches, whom I shall not name, said in a conference over the weekend that it would have been impossible to have been selected as a Conservative candidate in recent years—or, indeed, to be a Conservative MP—without showing the most strident Euroscepticism. *[Interruption.]* Well, if there is an exception that proves the rule and if the hon. Member for South Swindon (Mr Buckland) is about to make a pro-European speech I shall welcome that. None the less, that is the impression in this country.

Jacob Rees-Mogg (North East Somerset) (Con): Will the right hon. Gentleman give way?

Mr MacShane: I have given way to two Europhobes, and I think three would be too many. It is a real worry when one party, the governing party of our country, is so monolithic—without internal debate, internal division or much internal discussion. *[Interruption.]* I look forward to hearing the speech of the hon. Member for North Wiltshire (Mr Gray) when he makes it.

Then we have the fundamental problem that this Government and the ruling elites of the European Union are at one. Mr Sarkozy, Mrs Merkel, Mr Van Rompuy, Mr Barroso, Mr Rajoy, Mr Berlusconi and Mr Monti are all applying the 1930s austerity recession approach of making the poor pay and protecting the rich, which is the official policy of Her Majesty's Government. I do not understand why there is any debate or division at all because for the first time those the other major European Union capitals and the Brussels institutions are on the same wavelength as Her Majesty's Government. That is why there has to be some policy for growth, as people are pointing out again and again. Mrs Lagarde and Mr Soros have pointed that out and Mr Obama is seeking to achieve it.

Government Members are correct to suggest that not only the European project but the entire western, democratic, liberal, rule-of-law, market economy project is under threat because of a generalised crisis based on inequality and the giving of too much power to money and too little power to people. The answer to that must be forms of solidarity. In 1942, at the height of the war, before we had won El Alamein or turned any corner, Winston Churchill sent a Cabinet memorandum to his colleagues saying, "Hard as it may be to say at this time, I think we should start considering the possibility of a council of Europe for after the war. We need to move towards a united states of Europe where all may travel and trade freely. I think we should conduct studies about how to have economic unity." How extraordinary that at the height of the war—that was not the Zurich speech—Winston Churchill had that vision for what we have half-achieved, perhaps, in my lifetime and certainly in recent years.

That is also why Mrs Thatcher, our then Prime Minister, after pushing through the Single European Act—the biggest transfer of sovereignty ever in British history—supported the arrival of Jacques Delors as President of the Commission. In 1984, our contribution to the EC budget was £656 million, but by 1990 she had increased it to £2.54 billion, quadrupling Britain's solidarity budget to the then European Community. When asked about that in the House of Commons, she said that of course we should help our poor friends in Portugal and Greece and also implicitly in Ireland and Spain. She was absolutely right. That is why we set up the International Monetary Fund after the war—precisely to deal with imbalances, crises, sudden recessions and, yes, Government incompetences that produce the kind of problems that Greece and some other countries are facing. It is quite preposterous to say that Britain will renege on its obligations to the IMF. I was happy to vote with the Government

[Mr MacShane]

on this in the last Division and I certainly hope that Opposition Front Benchers are not going to play the Eurosceptic card on the IMF question if the matter comes back to the House.

Finally, what do we have today? We have the surreal sight of a British Prime Minister in Davos not enjoying himself on the slopes but lecturing other European leaders on what they should do. What example is he citing—£1 trillion-worth of debt, recession economics, mounting unemployment or mounting poverty? There are mounting concerns all over the world, as the Chinese told the Chancellor of the Exchequer when he was in Beijing recently, about whether Britain is serious about marginalising itself in Europe and not helping to support Europeans with problems through the IMF. If it is, China cannot be interested in Britain because it is not interested in an isolated, protectionist Britain.

We are taking huge risks with our economy and our nation by promoting these new, protectionist, isolationist politics. It is bad enough that we have to live with 1930s, Treasury-driven economics, but it will be a disaster if Britain continues to have the reputation it has sadly earned internationally as a country that wants to turn its back on Europe and that seriously believes its future could lie only in competing with Belgium for exports to India. This is a turning point for our nation. We either break out of this isolationist, protectionist logjam and work in solidarity with the countries of Europe that are growing and creating jobs and that have much better public finances than we have, or we pretend, in our own little sinking ship, that everything is for the best and this is the best of all possible worlds.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We are in a very serious position with a lot of Members wishing to speak. I am going to have reduce the time limit to five minutes, and even with that limit not all Members will get in if people intervene.

12.57 pm

Martin Horwood (Cheltenham) (LD): First, I congratulate the Backbench Business Committee on selecting this topic for debate, although on this occasion I agree with the hon. Member for Stone (Mr Cash) that it might have been better to debate this issue in Government time as it is critical for this country.

While I am on the theme of congratulations, let me congratulate Sharon Bowles, MEP, on her recent re-election as chair of the economic and monetary affairs committee of the European Parliament. She was once voted one of the top 10 economic regulators in the world and she has presided over innovations such as the attempt to introduce regulation on bankers' bonuses that would prevent someone like Fred the Shred from ever again walking away with a huge bonus from a failing bank. For that alone she deserves congratulation and I am pleased to see her retaining her place as one of the most influential Liberal Democrats in Europe.

I repeat my earlier congratulations to the Deputy Prime Minister on convening the European Liberal leaders forum on issues relating specifically to this debate in London on 9 January. The forum agreed a programme of reform and competitiveness for Europe that would probably unite Conservative and Liberal Democrat Members of this House at least. That is a good example of how to build alliances across Europe and engage with Europe in a proactive way.

It is good to see Britain at the table for the summit. Clearly, there is the main summit, which is supposed to be focusing on prosperity and growth, but there is also the rather important sideshow of the 26 making further progress towards the fiscal compact, which is critical for Britain, and I am very pleased that the Government have made sure that Britain is an active participant in the process, albeit with observer status. I know that Ministers have been active behind the scenes getting Britain involved in the process and making sure, for instance, that the fiscal compact treaty does not spill over into areas outside its proper remit, such as the construction of the single market. As Liberal Democrats have pointed out, that is one of the risks of our relatively isolated situation in Europe.

Mr Redwood: Does the hon. Gentleman think that at this point the power to fine Greece and then fining her would cut the Greek deficit?

Martin Horwood: I shall not be drawn into that. Critically, it is for the eurozone countries to address the crisis in the eurozone. The right hon. Gentleman highlights the important point that just by drawing up a treaty the eurozone countries do not solve some of the rather fundamental problems in the eurozone. In fact, the situation in Greece is becoming increasingly serious and it needs to be urgently addressed—that is even more the case now than in recent months.

The importance of the main business of the summit must not be neglected. Britain's re-engagement in European affairs is critical and it must be pushed forward. There have already been some successes. My right hon. Friend the Secretary of State for Business, Innovation and Skills helped to create the like-minded growth group, which has pushed forward ideas such as lifting onerous accounting rules from the smallest businesses in this country. I think the group has helped to create a shift in Commission attitudes on the smallest businesses to the point where it has committed to review all existing EU legislation to look for other opportunities to lift onerous regulation from such businesses and to screen new legislation to see whether, wherever possible, the smallest businesses can be excluded. That is exactly the kind of agenda we should be pushing in Europe.

Mr Leigh: I want to make an intervention that the hon. Gentleman and I can both agree with. Does he agree with the point I have been making consistently at business questions that this debate is so important that in future we should have it in Government time, for a whole afternoon, with the Foreign Secretary or the Prime Minister here so that we can ask them detailed questions?

Martin Horwood: I think that is right, although the point I am making is that the jobs and prosperity agenda should be the focus of such debates. If possible, we should get away from the obsession with structures and treaties. The British Government should be pushing

the jobs and prosperity agenda at the summit. I have suggested some areas for deregulation and the European Liberal leaders forum drew up a long list of legislation that should be reviewed for possible reform. It included the working time regulations, the temporary agency workers directive, the control of vibration at work regulations, fixed-term employees regulations, part-time workers regulations, control of noise at work regulations, road transport working time regulations and the transnational information and consultation of employees regulations.

Bob Stewart (Beckenham) (Con): Scrap them.

Martin Horwood: I am not at all in favour of scrapping health and safety regulations or those designed to protect workers. They are extremely important. The point is not even necessarily to weaken health and safety and workers regulations in Europe, but to see whether they can be made more flexible and be applied more flexibly domestically. That is another area where the British agenda should be pushed.

There are signs that European Governments are increasingly seeing things our way; it is not just the 15 members of the like-minded growth group. Italy has traditionally been more renowned for a protectionist stance in Europe and has at times had a less than impressive record on implementing single market legislation, but it is now actively implementing measures to liberalise great swathes of its economy and is actively pushing a single market agenda in Brussels that is directly comparable to ours. Spain, under the new Government led by Señor Rajoy, is also moving to undertake major structural reforms domestically and is shifting its position in Europe accordingly. Ministers must build on such possible alliances, which seem to be growing stronger all the time.

There are other things that I probably do not have time to cover in great detail. In terms of promoting jobs and prosperity, it is important to push for the completion of the single market, particularly in the digital and services sectors. External trade is equally important. This morning, I was in a Committee that voted on a new framework agreement that included free trade with South Korea. It could soon be extended to Ukraine and possibly a range of other countries. That is the kind of thing that will drive jobs and prosperity in Europe, not an overly obsessive attitude to EU treaties and institutions.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): I call Chris Bryant.

1.4 pm

Chris Bryant (Rhondda) (Lab): Thank you very much, Mr Deputy Speaker. I thought you were about to call somebody more senior.

I agree with the hon. Members who said it is a shame that the debate has had to rely on the kindness of the Backbench Business Committee. When I was Minister for Europe it was an important part of our mandate that before we went to a European Council we had to turn up in the House, in Government time, to answer a debate, even if it meant inconvenience for Ministers. It is a terrible shame that the Foreign Secretary is not here. I respect enormously the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for North East Bedfordshire (Alistair Burt), and I saw him assert that he is pro-European, which is great, but it is wrong that the Foreign Secretary is not with us.

I want to raise two issues that are not on the Council agenda but should be. The first is Cyprus. For far too long, the European Union has had within it a divided country, with a divided capital city. It affects many people in the UK; there are strong Cypriot communities in Cardiff and elsewhere in the country. The real problems faced by the Cypriot economy could be resolved easily if one were to overcome the political problems, because Turkey is the fastest growing economy on the borders of Europe. I hope that the Foreign Secretary and the Prime Minister will make it clear that we want progress in Cyprus, and this is no bad time for it, when Greece is trying to resolve some of its own economic problems.

The other foreign policy issue that should be on the agenda is Russia. The elections just before Christmas were a complete and utter farce. In a vast majority of areas, they were corrupt, as every organisation sent to monitor the elections made clear. Absolutely nothing has been done. There have been many warm words from Mr Putin and Mr Medvedev, yet there has been no action. We still have no resolution of the cases of Mr Khodorkovsky and Mr Platon Lebedev, both of whom are purely prisoners of conscience, and not tax evaders. There is also the case of Sergei Magnitsky who worked for a British company.

The British Government should make it absolutely clear that Europe will manage to improve its business with Russia only when corruption is rooted out in Russia. That will not happen if country after country tries to make its own sordid little deals; it will only happen if the whole of the European Union acts in concert and in union to make it clear that Russia has to clean up its act.

I believe in more Europe rather than less Europe. I say that unambiguously. I said to the hon. Member for Folkestone and Hythe (Damian Collins) that enforced audit would have meant that we did not get into the hole we are in, and there are other areas. The United Kingdom was wrong when we decided to go our own way, with Ireland, saying that there were to be no transitional arrangements with regard to people from the new member states working in the UK. One of the reasons why so many people came here was that every other country in the EU was going down a different route. It would have made far more sense if there had been a single European decision on that policy area.

Mr MacShane: At a conference last week, the German film-maker, Volker Schlöndorff said how much he wished that 1 million-plus Poles had gone to Germany and learned German and then gone home imbued with German ideas, language and contacts to build a closer relationship between Poland and Germany. We have made 1 million-plus Polish friends because of our policy; it has been good for Poland and good for us.

Chris Bryant: I hope we have made a lot of Polish friends. When I was a curate in High Wycombe, we had a long-standing Polish community there, many of whom fled German ideas about Polish people from the 1930s and 1940s. But I still think it would have been better for us if there had been a whole-European decision. We

[Chris Bryant]

underestimated the number of Polish people who would come to the United Kingdom and that was a mistake for our economy.

Anyone from Brazil, China, Russia or India—or, for that matter, Mexico or Turkey—would say that they are all interested in trying to do business with one set of rules in Europe, not 27, on the size of plugs, on electricity, and on many other elements. I believe it is in our interests that we should strive ever more for the extension of the single market, so that we can do better out of the growing economies of the world; otherwise, our future will be on the sidelines, not at the heart, of the world's history.

I have anxieties about the Government's attitude on these issues. I know the Prime Minister tries to show a little bit of leg to Conservative Back Benchers and then to his European allies. There is a little bit of leg being shown here, there and everywhere. But the truth is that we need British businesses to be far more courageous about doing business in Europe; they should not just sally forth and speak louder—shout in more grammatically incorrect English than they would to their children—in the belief that they will get a contract. We must have more ambition when it comes to Europe.

I would say to those who said earlier that they praised the Prime Minister before Christmas that—leaving aside my opinion that it is giving the Prime Minister that dangerous element of messianism, which is always worrying for a Prime Minister—the child who has stormed off to his bedroom is rarely the person in the family who wins the argument.

1.11 pm

Mr John Redwood (Wokingham) (Con): I rise to support the Prime Minister. I think he had no alternative but to say no to a very unsatisfactory deal and to a totally inappropriate proposed measure at that Council. Nor do I think he has lost Britain influence by doing it; I think he has won Britain influence by doing it. We learned subsequently that several non-euro member states could not go along with the draft any more than the United Kingdom could. We also learned subsequently that France, Germany and others are now beating a path to the United Kingdom Foreign Office door, trying to get us back on board, trying to woo us because we had the courage to say no.

We meet today because we wish to influence our Government in what they are doing at yet another important European summit. The European Central Bank has bought the Europeans a little time by printing and lending unprecedented sums of money to a very weak European banking system, but those meeting would be wise to understand that that has only bought a little time; it has not solved the underlying problem. Indeed, there are two underlying problems. There is the inability of the southern countries to compete with Germany at the fixed exchange rate within the euro, making them poor and giving them large balance of payments deficits which they have trouble financing; and there is the big problem of the southern states' debt getting ever bigger. As their economies are malfunctioning, because so many people are out of work and because they cannot price themselves back into jobs, their debts and deficits go on soaring, and now in three cases member states of the euro area cannot finance those deficits in the normal way and have to be on life support from the EU and the IMF.

Martin Horwood: On the subject of the right hon. Gentleman's support for the Prime Minister, will he join me in welcoming the Prime Minister's remarks this morning in Davos, when he said,

> "Let me be clear. To those who think that not signing the treaty means Britain is somehow walking away from Europe let me tell you, nothing could be further from the truth"?

Mr Redwood: Of course the Prime Minister is right that we are in the European Union and all the time we remain in it we have to use our membership as best we can to protect the interests of the British people.

The main purpose of the summit must be to try to deliver greater prosperity and some growth and some hope to the peoples of Europe, because their hope has been depressed and their prosperity is being destroyed by a system that cannot conceivably work. The euro area is now locked into a system of mutually assured deflation, a mad policy, and the more those countries' economies decline, the more the deficits go up, the more they have to cut. They cannot get themselves out by monetary means, in the way that the United Kingdom and the United States can, by creating more money in their system, and they cannot get out by having a competitive exchange rate.

Mike Gapes *rose—*

Mr Redwood: I am sure that was the point that the hon. Gentleman wanted to make.

Mike Gapes: If the right hon. Gentleman is so against the austerity deflation policies in the eurozone, why is he supporting the austerity policies of his own Government?

Mr Redwood: As I just explained, it is totally different if a country has its own currency and can use monetary mechanisms to try to grow its way out of the problems, and can establish an exchange rate that allows it to export its way out of the problems, which is exactly what these countries have to do, yet are unable to do because they are locked in.

Mr MacShane *rose—*

Mr Redwood: I have no more injury time available, so I need to develop my argument rapidly.

If those countries are to have some hope of prosperity, they need to solve the two underlying problems. It is obvious to most external observers that the way to solve the problem of competitiveness quickly is to devalue. Normally, an IMF programme for a country in trouble not only asks it to cut its budget deficit and reduce its excess public spending, but suggests that it devalue its currency and move to a looser monetary policy domestically, so that there can be private sector-led growth, export-led growth—the kind of thing it needs to get out of its disastrous position. That is exactly what those countries are unable to do. That is why the IMF should not lend a country such as Greece a single euro or a single dollar. Greece is to the euro area as California is to the dollar

area: it is not an independent sovereign state, and it cannot do two of the three things that a country needs to do to get back into growth and prosperity, because it cannot devalue and it cannot create enough credit and money within its own system.

We need to give honest advice to our partners and colleagues in the eurozone, around the European conference table—in private, not in public—that the only way forward, the only way to resolve the crisis for those countries that can no longer borrow in the marketplace at sensible rates of interest, is to have an orderly way of letting them out as quickly as possible, so that they can re-establish their own currency, their own looser and appropriate monetary policy and their own banking policy, and offer some hope to their subject peoples.

I am very worried that this is not only an economic crisis, a banking crisis, and a currency crisis, but also now a crisis of democracy. The challenge, in countries such as Greece and Spain, is how the Governments manage to get buy-in to the policy of deflation and cuts with everything that is the only offering from the euro scheme and the euro system. We see in some of these countries now that the electorates do not choose the Government; the European Union's senior players choose the Government. We see in some of these countries that the electorate change the Government but they do not change the policy. The new Government have to pledge to follow exactly the same policy, which does not work, in order to get elected and to be acceptable to the European Union, in order to carry on drawing down the subsidies and loans from within the European Union that have to be on offer to try to make the system operate to some extent.

I hope that the British Government will adopt the following position. I hope that they will say in public, whenever asked about the euro, that the British Government have no intention of providing any running commentary on the euro whatever or of saying anything that makes the position of the euro worse, but will always give good, strong, independent advice in private. That should be the public position. It is too dangerous to say things. Most of the things that politicians say about bond markets and currency crises make the position worse, so the United Kingdom would be well advised to have a simple formula, which all Ministers use, that we are providing no commentary on the euro and we wish the euro members well in sorting it all out.

In private, we are important allies and partners of the euro area and the British Government need to give honest advice to try to get our continent out of this mess. I do not believe there is a single fix that can solve that problem for all the countries currently in the euro. Many of them went into the euro with inflation rates that were too high, with state deficits and debts that were too high, and with currencies that were not in line with the German currency. It was a huge error. The founders of the euro knew that there had to be very strict requirements; they broke them from day one.

It will not solve the problem to sign up to some new constitutional pact that says that a country down on its luck, unable to borrow money, running out of cash, will be fined. Who will pay the fine? The answer is that the fine would have to be lent to the country in trouble by the very people who are fining it. It is so preposterous that I find it very difficult to believe that serious people can sit round a table, negotiating such an instrument. They should cast aside the draft instrument. It is irrelevant; it cannot work. They should sit down in private and work out how to get non-competitive countries out of this mess before even more damage is done to their economies and their democracies.

1.19 pm

Keith Vaz (Leicester East) (Lab): It is always a pleasure to follow the right hon. Member for Wokingham (Mr Redwood) who, in his 25 years in this House, has always been strong and consistent in his criticisms of the European Union.

I add my voice to all those who have spoken in favour of there always being a senior Minister at the Dispatch Box to introduce a debate such as this. When the right hon. Gentleman was a Secretary of State, the Minister for Europe in that Government wound up the debate, which would have been started by the Foreign Secretary, and when I and then my hon. Friend the Member for Rhondda (Chris Bryant) served as Minister for Europe, this debate was considered an important opportunity—perhaps the only opportunity—for Back Benchers to influence the Government as the Prime Minister, the Foreign Secretary and the Minister for Europe went to European summits. I therefore hope the first message the Government will take from the debate is the unity of opinion in the House—I have not heard a single opposing voice—that this should be a debate in Government time, with Members not limited to five minutes in which to state their views.

My second point is to ask the Minister to tell us when he winds up what has happened to the Lisbon strategy. It was agreed at the Lisbon summit in 2000 as part of the Lisbon agenda, developed over 10 years and adopted very recently with a set of five headline benchmarks. Does that strategy still exist, given the eurozone crisis? Are the Government still committed to delivering in those five areas—employment, investment in research and development, education, poverty and greenhouse gas emissions—which were set at the first ever summit to benchmark EU economic policy? Are we on track to do so? I get the feeling from discussions that I have had and from the responses to questions I put to Ministers, including the Prime Minister when he returned from the last summit, that although there is an intention to support the Lisbon strategy, it is certainly not high up on the Government's agenda. I think that, given that this informal meeting is about growth and jobs, it is extremely important that we have benchmarks for the EU.

My third point is about EU enlargement, of which I am a great supporter. It has been of great benefit not only to the eastern European countries that have joined but to our country in particular. Croatia is due to join in July 2013. The EU has given Croatia €150 million to support its entry, and it will give another €150 million this year and €95 million next year. Will the Minister tell us whether that is the final figure; whether there will be any increase or, because of the euro crisis, any decrease in the amount we give Croatia; and whether that will continue after Croatia joins the EU?

This is a very short debate and we have to make very short speeches, but if those three points can be conveyed to the Prime Minister when he attends the summit and if the Minister can indicate the Government's position when he winds up, I am happy to conclude my remarks now.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Before calling the next speaker, let me say that, ideally, I will call the first Front-Bench speaker at 28 minutes past 1. I call Bernard Jenkin.

1.23 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con): This debate is being conducted between some right hon. and hon. Members with an extraordinary air of complacency and myopia. The European Union is on the edge of the most appalling crisis—a self-inflicted crisis that many of us predicted when the euro was first conceived in the early 1990s and is now being fuelled by blindness and denial. The fundamental problem is that the euro cannot work—it cannot succeed. There are fundamental structural flaws that are destined to cause the euro eventually to fly apart into separate currencies. I do not want the euro to fail, but the fact remains that the crisis will go on and on until it does fail, so we should start to ask ourselves whether it is, in fact, in our interests that it be resolved quickly and in an orderly fashion, instead of waiting for the markets to do their work.

The fundamental structural problem is that the different national components of the euro represent very different economies, with different surpluses and deficits. The 2010 figures for trade in goods in the eurozone, provided by the Library, show that Germany has a surplus in exports to the other eurostates of €43.4 billion. Other countries have very large deficits: France's is 4%, Greece's 6% and Portugal's 9%. Unless there is a system of fiscal transfers permanently operating to compensate for those surpluses and deficits, the European economies will become ever more out of balance. The debt problem has been greatly exacerbated by artificially low interest rates in countries that were used to much higher interest rates and therefore borrowed vast sums.

Mr Leigh: Is it in our interests that the other countries succeed in creating fiscal and monetary union? We will be excluded from a massive monetary union, which historically—for centuries—we have tried to avoid. Or is it in our interests that the euro gradually breaks up in a reasonably orderly way?

Mr Jenkin: I do not subscribe to the view that British foreign policy should be constantly to try to divide and rule on the continent. Actually, I think it would be in our interests if the euro succeeded with a democratic settlement in the European Union, but for the euro to succeed with 17 nations the institutions would be required to take on much more power, to accumulate much more taxation and to distribute money much more than they do now. I put it to the House that because there is a democratic deficit in the EU, which everyone acknowledges, the institutions lack the legitimacy and the authority to be able to impose their will across the democratic nations of the EU. There is a fundamental lack of consent to what would be required to impose the necessary discipline.

The problem with the fiscal union treaty is that it is a case of Germany trying to write German rules for the whole eurozone. That will not work—it cannot be sustained—and the result will be the break-up of the euro, so we had better start planning for that eventuality now. There are three things we should do, the first of which is to have a plan and not pretend that a break-up will not happen. I accept the suggestion made by my right hon. Friend the Member for Wokingham (Mr Redwood) that the plan should be made in secret, but there should be a plan and the IMF should be its guardian. Secondly, the plan should be clear on what liabilities will be denominated in what currencies as each country comes out of the euro—easy for sovereign debt and very complicated for commercial paper, but it has to be done. Thirdly, the G20 must be ready to provide the liquidity needed to deal with the defaults that will occur as each country comes out of the euro—massive defaults that will require massive central Government printing of money to recapitalise the European banking system.

That can be done and it has to be done. My right hon. Friend the Prime Minister was absolutely right to veto the treaty on 9 December. He knows there can be no going back on that decision, because to do so would leave him a position where he might as well have not vetoed the treaty, and then where would we be?

1.29 pm

Emma Reynolds (Wolverhampton North East) (Lab): The debate comes at a crucial time for the eurozone and the wider European Union. Last month's European Council could and should have taken the vital decisions needed to stabilise the eurozone and boost growth and jobs in the EU, but it failed to do so. Monday's European Council is a vital chance to make up for previous lost opportunities, but I fear that the Prime Minister's diminished position in Europe has jeopardised the Government's ability to achieve and influence that. His walk-out at the previous European Council was a spectacular failure to engage with our European partners. We have a world-class diplomatic service, but the Prime Minister refused to use the talent, professionalism and experience of the Foreign Office and opted instead to let the Treasury run our foreign policy. He decided that keeping his Back Benchers happy was more important than helping our main export market resolve the eurozone crisis. He in fact followed the advice of the Foreign Secretary who, according to various reports, before the last European Council told him:

"If it is a choice between keeping the euro together or keeping the Conservative party together, it is in the national interest to keep the Conservative party together."

That is the only thing that the Prime Minister did achieve, because he did not stop anything happening. His diplomatic defeatism was accurately summed up by the Deputy Prime Minister earlier this month, when he said:

"The language gets confusing. Veto suggests something was stopped. It was not stopped."

I could not agree more.

Martin Horwood: The hon. Lady makes some of the points that I made several months ago and that other hon. Members sympathetic to the pro-European cause made at the time of the summit. Surely we have now moved on. The Prime Minister, in his remarks today at Davos, quite clearly stated:

"It fundamentally reflects our national interest to be part of the single market on our doorstep and we have intention of walking away. So let me be clear: we want Europe to be a success."

The process of re-engagement is under way.

Emma Reynolds: The process of re-engagement might be under way, but the Prime Minister's decision to walk out of a summit that did not have a text to it has undermined our influence in the EU. His spectacular mishandling bought him short-term political respite from the pressure of his Back Benchers, but they will always want more, and we heard that in today's debate.

Mr MacShane: May I pray in aid the Deputy Prime Minister, who said that the Conservative party in the European Parliament is now allied with "nutters, anti-Semites and homophobes"? The right hon. Gentleman has not resiled from that. That is walking away from Europe. As long as the Conservative party is in alliance with those weirdos, it loses a good part of the political traction that it should have in Europe.

Emma Reynolds: My right hon. Friend makes a valid point. If the Prime Minister had not pulled his MEPs from the mainstream centre right in the European Parliament when he was Leader of the Opposition, he would have found that he had much more influence before the summit, because he would have been in Marseille for the European People's party meeting in preparation for the European Council summit.

It is of real concern to the Opposition that by isolating the UK the Government have lost influence with our European partners and could lose influence over the single market. Deeper fiscal integration by the eurozone countries does not necessarily lead to the development of separate trade policies or separate decisions on the single market, but that could come about if the UK continues to lose influence.

I understand that the Polish Government are now seeking to secure a seat at the frequent eurozone summits—a logical negotiating position. If they are successful, they would then have a voice, even if they did not have vote, at eurozone summits. As it stands, our Government will be barred from such meetings, leaving the UK without a vote and without a voice, unable to guard against eurozone Heads of State and Government straying into areas of decision making that are relevant to the EU of 27.

Mr Redwood: Will the hon. Lady bring us up to date with Labour's thinking on any vote that we might face in this House on money for the IMF to lend on to euroland countries in trouble?

Emma Reynolds: As the right hon. Gentleman knows, the Opposition voted against the IMF contribution last time. I think that he might have been in the Lobby with us. We think that the European central bank should be the lender of last resort and that IMF money should concentrate on countries with severe economic problems outside the eurozone.

The Prime Minister's walk-out also resulted in risks to foreign direct investment. Businesses investing from the US and Asia have chosen the UK for their operations because it gives them access to European markets. But if the UK's position in the single market were in doubt, foreign direct investment would also be under threat. Moreover, as the Deputy Prime Minister rightly said on the Sunday after the December Council, if the UK stands tall in Brussels, we stand tall in Washington. It is also true that if we stand tall in Brussels, we also stand tall in Beijing and the other major emerging economies. With economic power moving south and east, to countries the size of continents, it is nostalgic longing for the empire to think that the UK can go it alone. It was the Minister for Europe, in a recent Opposition day debate, who said that

"without the size of the EU behind us, the United Kingdom on its own is unlikely to be able to secure the same deep and ambitious free trade deals with other regions or trading countries around the world."—[*Official Report*, 13 December 2011; Vol. 537, c. 724.]

Mr Cash: Will the hon. Lady give way?

Emma Reynolds: I will in a minute.

The task of Monday's European Council is both urgent and long term—urgent in that it must address the lack of confidence in European markets, but alongside that the EU must enhance the resilience and capacity of the single market to get back to a sustainable footing in the long term.

We welcome the intention to focus on jobs and growth on Monday, as well as agreeing a fiscal compact. We would prefer the Government, rather than merely commentating on the outcome of the European Council, to be setting the agenda. We hope that their failure in diplomacy will not involve a failure of policy and economics. After all, in the coalition agreement, the Tories and the Liberal Democrats stated that Britain should play a leading role in the EU. The Prime Minister clearly did not have that in mind in December.

Mr Cash: Will the hon. Lady give way?

Emma Reynolds: When the Minister replies, will he clarify one issue? The Deputy Prime Minister has been organising his own meetings, and in some cases he seems to be running his own parallel foreign policy. While it is right for the Government to be building bridges, it is disappointing that the Deputy Prime Minister has thus far chosen not to report the outcome of the meetings to Parliament. Would the Minister therefore confirm whether the Deputy Prime Minister was speaking for the Government when, at the recent European Liberal forum, he said that:

"We believe—

the treaty—

"should, over time, be folded into the existing EU treaties so you don't get a permanent two parallel treaties working separately from each other"?

At next Monday's European Council, the British Government at least have observer status, but that is thanks to Chancellor Merkel and Prime Minister Monti, who want the UK back in the room. They see the UK as a leading member state, advocating an extension of the internal market. It is testament to past British diplomacy and previous Governments that many other member states share the view that, with Britain isolated and excluded from these talks, the push for further liberalisation and reform becomes harder.

Mr Cash: Will the hon. Lady give way?

Emma Reynolds: The hon. Gentleman is frustrated, but he will understand that because interventions eat into my time I will continue.

[Emma Reynolds]

Britain's standing in the world—economically and politically—must be reinforced and strengthened, not weakened. The resolution of the eurozone crisis is manifestly in our national interest. It is also in the national interest for the UK to be at the heart of the EU, a large member state with an open economy, arguing for and securing an extension of the single market, arguing for and securing reform of the EU. The UK now needs to regain that position and start rebuilding bridges.

On Monday the Prime Minister should seek to undo the damage caused by what he did in December, diminishing our standing in Europe and the world. It might not please his Back Benchers, but it would be of benefit to businesses, jobs and employees throughout the country. The Prime Minister must start to put the national interest before his party's interest.

1.38 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): I thank the hon. Member for Wolverhampton North East (Emma Reynolds) for her remarks and all colleagues for taking part in this important debate. I thank the Backbench Business Committee for finding the time for this debate on next Monday's informal Council. We know that there are many calls on the time it has available to allocate, but as it now holds the time previously assigned for European affairs debates, I am pleased that it found time for this debate.

Mr Leigh: It is fantastic that my hon. Friend is here and we greatly respect him, but will he take back to the Foreign Secretary the clearly expressed wish of Members on both sides of the House that we should have a full afternoon of debate in which he is present before any future European summits?

Alistair Burt: I thank my hon. Friend for his generous remarks. As he knows, occasionally colleagues cannot be where they would like to be because of other business, but I have heard what colleagues have said. My hon. Friend the Member for Gainsborough (Mr Leigh) expresses an interest in how the House scrutinises European business, and I will certainly take back to the Minister for Europe and the Foreign Secretary what colleagues have said. I would like to underline the effort and valuable work of my hon. Friend the Member for Stone (Mr Cash) and the European Scrutiny Committee.

Chris Bryant: Will the Minister give way?

Alistair Burt: No, because I might take another intervention on something else. Time is limited and I cannot do justice to everyone.

On Tuesday the International Monetary Fund published its world economic outlook. It revised down its global growth forecasts, mainly because of developments in the eurozone. It now expects the eurozone to enter a recession in 2012, with GDP falling by 0.5%. Those of us outside the eurozone are not immune from that. The ongoing sovereign debt crisis is having a chilling effect on our economy, too. Like my hon. Friend the Member for Harwich and North Essex (Mr Jenkin), I do not want to see the euro fail.

The eurozone needs to find a credible and sustainable solution to the debt crisis. Beyond that, there is a challenge for all 27 EU member states to release the brakes on growth to generate wealth, jobs and enterprise, and that was very much the focus of the speech made by my hon. Friend the Member for Folkestone and Hythe (Damian Collins).

Mr Robert Buckland (South Swindon) (Con): On the point of improved opportunities for the single market, will my hon. Friend ensure that the Government take a clear message to the Council that work on improved tariff reform between the UK and Japan is vital for the British motor industry, particularly Honda in Swindon, which is a Japanese company based in the UK?

Alistair Burt: I can make no stronger a case for Honda in Swindon than my hon. Friend has made. He is absolutely right to focus on competitiveness, growth and the agenda that my right hon. Friend the Foreign Secretary will take forward there. I appreciate his comments. This informal European Council will rightly focus on growth and competitiveness, and it is vital that it makes progress ahead of the March European Council, which will also focus on growth.

The UK has played, and will continue to play, a strong and positive role in the EU as we and our European partners face the most pressing task of tackling our shared economic challenges. We are leading the arguments for growth and others continue to look to us for leadership. We have spearheaded the work of 16 member states, some inside the eurozone and some outside, in pressing for reforms to support growth. Together we have over the past year secured positive conclusions from European Councils that reflect our priorities. Action is now being taken, as shown by the Commission agreeing to exempt micro-businesses from EU regulation unless a clear case can be made for their inclusion.

Our diplomatic efforts to build alliances for growth continue in the European Council. The UK has agreed growth priorities for the informal Council with the Netherlands, Sweden, Finland, Ireland and Estonia, which will cover: completing the single market; reducing the regulatory burden; what member states should do to improve labour markets; and reaffirming the importance of the external dimension of the single market.

My right hon. Friend the Prime Minister also spoke to the German Chancellor, Angela Merkel, at the weekend to discuss our shared priorities. They agreed that the steps we should take to strengthen growth and fight unemployment, particularly youth unemployment, in Europe will form the focus of the informal Council on Monday. A number of right hon. and hon. Members spoke about our engagement with Europe. The Prime Minister was very clear today when talking about engagement, as my hon. Friend the Member for Cheltenham (Martin Horwood) made clear. In response to the question the right hon. Member for Leicester East (Keith Vaz) asked on Lisbon, I can tell him that the Prime Minister today said in Davos:

> "For all the talk, the Lisbon Strategy has failed to deliver the structural reforms we need."

It has largely been replaced by Europe 2020, which includes the sorts of benchmark the right hon. Gentleman referred to. The fact remains that we need to be bolder

in the structural reforms we pursue to promote growth. The Prime Minister also said:

"Britain has been arguing for a pro-business agenda in Europe... Over the last year we have spearheaded work with 15 other member states across the EU... This weekend Chancellor Merkel joined me in calling for a package of deregulation and liberalisation policies... But we need to be bolder still. Here's the checklist: all proposed EU measures tested for their impact on growth; a target to reduce the overall burden of EU regulation; and a new proportionality test to prevent needless barriers to trade in services and slash the number of regulated professions in Europe. Together with our international partners, we also need to take decisive action to get trade moving."

That is what the EU needs, and that is what the informal Council will concentrate on.

Mr Cash: Will my hon. Friend give way?

Alistair Burt: I have only three minutes remaining, but I will take one further intervention, because my hon. Friend deserves it; we have discussed these matters on many occasions.

Mr Cash: Did the Prime Minister agree with Angela Merkel when she said:

"We will have to get used to the fact that the European Commission... will become more and more like a government"?

Alistair Burt: Alas, I have not had the opportunity to test that quote with my right hon. Friend the Prime Minister, but I will do so as soon as I have the opportunity.

A number of Members, including the hon. Members for Ilford South (Mike Gapes), for Rhondda (Chris Bryant) and for Wolverhampton North East (Emma Reynolds) and the right hon. Member for Rotherham (Mr MacShane), spoke about engagement in Europe. We are engaged. As my hon. Friend the Member for Cheltenham said, the Deputy Prime Minister hosted a meeting of various liberal European Prime Ministers, Commissioners, Deputy Prime Ministers and Foreign Ministers on 9 January to set out the British vision of greater competitiveness and growth across the European Union, because austerity alone will not fix the eurozone or the European economies. We have to combine fiscal discipline with a plan for more jobs and more growth, and the Deputy Prime Minister was right to say it.

As for lack of engagement and isolation, I am astonished that the presumption of the hon. Member for Wolverhampton North East in bringing to the House a challenge to the Government when the Opposition's position is distinctly unclear. We will continue to work hard with our many allies in Europe to advance our interests. It is not isolation; it is defending the national interest. We differ from others in that we are not in the euro and do not want to join. We will not proceed with plans for fiscal consolidation if we feel that we are not protected. We will continue to work hard to advance our interests. One thing that would have made Britain weaker was coming home with a treaty change and no safeguards.

If the Opposition want to criticise the Government's policy, they need to say what they would have done in office, but last month in the space of 10 days they had three different positions: first they refused to say what they would do, then they said that they would have vetoed the treaty, and then they said they would not have done so. They would have some credibility if they had a policy, and a bit of consistency would help.

This useful debate has concentrated not only on engagement and the like, but on the prospects for next Monday. The UK has an ambitious agenda for growth in Europe, and it is one we share with many like-minded states across Europe. It is also an agenda on which we have made much progress already throughout the last year. We will continue to ensure that we put our national interests first and to have a policy from a united party in relation to the UK interests in Europe. We will continue to look for partners who will share that interest, and at the moment the EU is calling for growth, competitiveness and more jobs.

1.48 pm

One and a half hours having elapsed since the commencement of proceedings, the motion lapsed (Standing Order No.24).

Strategic Defence and Security Review

[Relevant documents: First Report from the Defence Committee, The Strategic Defence and Security Review, HC 345, and the Government response, HC 638; and Sixth Report from the Defence Committee, The Strategic Defence and Security Review and the National Security Strategy, HC 761, and the Government response, HC 1639.]

1.48 pm

Mr James Arbuthnot (North East Hampshire) (Con): I beg to move,

That this House has considered the matter of progress on defence reform and the Strategic Defence and Security Review.

I begin by welcoming the Secretary of State to the first full debate on defence in which he has taken part as Secretary of State. In the short couple of months in which he has been in post, he has really impressed the Defence Committee, and me. I have formed an extremely high opinion of him as Secretary of State. I am perfectly well aware that he will be thinking at the moment, "If only I could say the same of him," but I hope that during the course of the debate we will get to the bottom of some of the issues we face. I also welcome the very fact that we are having the debate, and thank the Backbench Business Committee for at last finding a day on which we can discuss one of the most important issues in the world, and the most important issue of government.

Mr James Gray (North Wiltshire) (Con): I, too, welcome the fact that the Backbench Business Committee has found time for this debate, but does my right hon. Friend not agree that defence should be a matter not for that Committee but for Her Majesty's Government? This issue should be debated in Government time, not in Backbench Business Committee time.

Mr Arbuthnot: I would hope that this issue could be debated both in Back-Bench time and in Government time, because of its central importance, but as the Committee will see, the pressure on speaking opportunities this afternoon is heavy, so there is a time limit even though there will not be a vote at the end. I hope that that means that we will have further such debates.

Dr Andrew Murrison (South West Wiltshire) (Con): I accept everything that my right hon. Friend says about the pressure on time today, but does he observe that very little of that pressure is likely to come from Opposition Members, among whom there is a desultory turnout for such an important debate?

Mr Arbuthnot: At the moment the Opposition Benches do look rather empty, but let us hope that things will change.

I should like to examine what is different about the United Kingdom. Our role in the world is unlike that of any other. The quality of our armed forces is, I believe, second to none, and that comes mostly from the training that they receive, from the structure of the armed forces and from the fact that they work together in regiments and in units to fight, not actually for their country, and certainly not to fight for their politicians, but to fight for each other—so we must be very careful indeed before we tamper with that structure.

We should give thanks, however, to those men and women who lay their lives on the line and are prepared to sacrifice everything they have and everything they are in defence of this country. We are incredibly well served. We need to treat those people well, and I shall return to that point later in my speech, although I shall try not to take too long, as there is such pressure on time.

The UK is different, too, because we are prepared to put our people where our rhetoric is: we are prepared to fight when force is needed. In spite of that, we are seen as a force for good, and in that respect I draw one comparison with one other country: Germany. Germany is doing really valuable work in Afghanistan, and it is led by German politicians often in defiance, almost, of the beliefs and values that, largely at our instigation, have grown up in Germany since the second world war. When one goes to Germany and asks, "Why can you not contribute more to NATO operations?" one finds that they say, "Well, you've always been telling us not to fight; you've got to make your minds up." We are gradually getting there, and in Afghanistan we are seeing a really valuable contribution.

I want, nevertheless, to read out a quotation from May 2010:

"In my estimation...we—including society as a whole—are coming to the general understanding that, given this strong focus and corresponding dependency on exports, a country of our size needs to be aware that where called for or in an emergency, military deployment, too, is necessary if we are to protect our interests such as ensuring free trade routes or preventing regional instabilities which are also certain to negatively impact our ability to safeguard trade, jobs and income. All of this should be discussed and I think the path we are on is not so bad."

That is not an unexceptionable thing to say, but it was said by the President of Germany in an interview in May 2010, and because of those words he was forced to resign as President. That is a real issue. Britain is one of the few countries in Europe which is really prepared to put its forces where its rhetoric is, and we should be praised for that.

We have a history of involvement with most of the world. At one stage or another we have owned most of it, and many borders over which we now see disputes are probably our fault. Nevertheless, as a result of those historical issues we have, throughout the world, relationships that we need to preserve and that those parts of the world want us to preserve. We also have a history that is born out of our prosperity, and our armed forces have a real role to play in that.

Owing to all that uniqueness, that difference between the United Kingdom and others, our alliances and our position in huge alliances, we have huge ambitions to match that history, but what we do not have any more, to match our lofty ambitions, is the resources required to back them up. There is a clear contradiction between what the Government said in the strategic defence and security review about rejecting the shrinkage of UK influence throughout the world, and the reduction of the money that we spend on the Ministry of Defence and the Foreign and Commonwealth Office. We may well have to reduce the money that we spend on those Departments, but our ambitions should be reduced to match it. We now spend less on the Foreign Office than on the winter fuel allowance. That is a striking statistic.

I have no objection to this Government and this country being committed to hitting the target of spending 0.7% of gross domestic product on international development; I am proud, actually, of that ambition, that aim and that goal, because our role of defending our interests extends to, for example, preserving the stability of countries such as Pakistan and Afghanistan, and our international aid effort is important in that. In that respect, however, I ask one brief question: why is the stabilisation unit being withdrawn from Afghanistan in 2014? Although I took some time to come around to any agreement with the idea, I fully understand that our combat troops should be removed from Afghanistan by the end of 2014, but the stabilisation unit is precisely the reverse of combat troops. The current expectation is that 25% should be withdrawn this year, 25% next year and the rest by the end of 2014. The Government should reconsider that.

Equally, I have no objection to defence having to bear its brunt of deficit reduction. When, as in the past day or two, we hear that our debts are now £1 trillion, we have no choice, and let us remember that the greatest weapon—the greatest defence—a country can have is a strong economy. Indeed, we should not object to the fact that defence has to play its part in trying to produce that strong economy, but to pretend that while we reduce our defence resources we can be as strong in terms of our armed forces as we were before is wrong.

On the Defence Committee's role, I return to the issue of treating the armed forces fairly, touching briefly on the little local difficulty that was produced by our report this week on the Ministry of Defence's annual report and accounts. It is of course regrettable that for five years running the MOD's report and accounts have been qualified, and it would be nice to have a true and fair view of what it has to spend and what its assets are, but the point that has obviously hit the headlines is the impression of unfairness created by compulsory redundancies among the armed forces but not among civilian personnel.

We have asked, therefore, for a compelling and persuasive reason why the one should be so and the other should not. If the answer is, "So many redundancies have been applied for in the civilian services of the Ministry of Defence," perhaps that is because morale in that area is so low. If that is the answer, it is an issue that my right hon. Friend the Secretary of State really needs to address. If the answer is, as the permanent secretary told us, that civilians are flexibly employable whereas the military is not, that too is something that the Secretary of State needs to address. However, I do not believe that to be the right answer. I have heard the Secretary of State ask what else we could have done. I am afraid that four reasons for the disparity have now been explained to the Defence Committee, and without knowing the real reasons we cannot help to find an answer. We have, at least, highlighted the issue.

The relationship between my right hon. Friend and me, and the Defence Committee and the Ministry, is not cosy—quite right, too; it should not be. Nor should it be a relationship of antagonism and a feeling of "They are the enemy". We do not regard the Ministry of Defence as the enemy, and we hope that we can move to a position in which the Ministry does not regard us as the enemy.

The Secretary of State for Defence (Mr Philip Hammond) *rose—*

Mr Arbuthnot: I can quite see my right hon. Friend answering, "Well, this is a funny way to go about it," but I will give way to him none the less.

Mr Hammond: I am tempted to say that it is even a grotesque way, Mr Deputy Speaker. In the spirit of my right hon. Friend's remarks, perhaps I can try to help him. I understand his concern about the voluntary and compulsory redundancy numbers, but the simple fact is that we have set out a trajectory of headcount reduction among the civilian employees of the MOD and among the armed forces. At each tranche we have called for volunteers, and enough volunteers from the civilian population have come forward for no compulsory redundancies to be required. There has been an insufficient number of volunteers from the military population so, regrettably, compulsory redundancies have been required. I do not rule out the possibility that compulsory redundancies will be required among the civilian work force in future.

Mr Arbuthnot: My right hon. Friend is, as always, helpful. I hope that he will now address the issue on which there is some dispute of fact—whether those in the military on whom compulsory redundancy is imposed are allowed to offer themselves for retraining; we have heard variously both that they are and that they are not. That is an important issue.

I now turn to the strategic defence and security review—although I do not want to take too much longer because a large number of people would like to speak. One of the main aims of the Defence Committee is to see how the next strategic defence and security review, in whatever year it will be—2014, 2015, 2016; we do not yet know—can be better than the last one. Our criticisms of the last one included the fact that it was rushed to fit in with the comprehensive spending review, and was therefore undertaken without sufficient consultation with academia, industry, Parliament or the country. I heard my right hon. Friend the Prime Minister say that taking longer over decisions does not necessarily make them better, and that is true, but having proper full discussion in the country before such decisions are made would make them more informed.

Thomas Docherty (Dunfermline and West Fife) (Lab): Does the Chairman of the Defence Committee agree that there was insufficient consultation with our closest allies about the implications of the SDSR?

Mr Arbuthnot: Yes, I do. Embarrassingly, I was fully consulted by the French Government on the introduction of their "livre blanc", and I felt honoured, but I have no impression that the chairmen of the Assemblée Nationale or Senate committees were similarly involved in the discussion of our strategic defence and security review. That is one example of how, although Anglo-French co-operation is very good, it could still work a bit better.

There was no sense in the strategic defence and security review of a discussion of what sort of country we wanted to be, and the threats that we were facing, followed by a decision about how we were going to face

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those threats. Instead, there was a feeling of, "This is what we can afford, so these are the threats against which we will defend ourselves," whatever those threats turn out to be.

For example, we now have six Type 45 destroyers. Why is six the right number? The original number was going to be 12, then it was cut to eight and then to six. When I was a Defence Minister we used to say that the right number of major ships was about 50. Why is it that now about 19 can defend our interests around the globe? However powerful a Type 45 destroyer is, it can only be in one place at any given time. There is also a concern about a loss of contingent capability. We always get wrong our predictions about the wars that the country will face, so we must be able to address unpredictable concerns that may arise.

However, there are many things to praise in the SDSR. The cyber-strategy, very welcomingly, refocuses the Ministry of Defence, other parts of the Government and industry on future issues. It is partly to welcome that that the Defence Committee is doing a series of inquiries into the cyber-threats that we face.

Lord Levene's determined look at reforming the Ministry of Defence is radical. A number of my right hon. and hon. Friends, and other right hon. and hon. Members, feel that in some respects his work may be too radical or going in the wrong direction, but the Defence Committee will look at that issue, too. Bernard Gray's focus on changing defence procurement already looks extremely promising; the Defence Committee has always been extremely impressed when he has appeared in front of us.

I shall end as I began. In the interests of mending fences, I wish to repeat, with praise, what the Secretary of State said to the Committee in December:

> "If there is one clear lesson, it is that we have to move away from managing this business for cash to managing it for value, and that is the transition process that we are now into."

As I said at the time, if my right hon. Friend can achieve that, he will turn out to have been a great Secretary of State.

Mr Deputy Speaker (Mr Lindsay Hoyle): I remind hon. Members that there is an eight-minute limit on speeches.

2.7 pm

Mr Nicholas Brown (Newcastle upon Tyne East) (Lab): It is a pleasure to follow the Chairman of the Select Committee in this debate. I wholeheartedly identify myself and my constituents with his tribute to our serving personnel; that issue would never divide us.

I also want to take up the theme that the right hon. Gentleman began and place these matters in the context of the public expenditure circumstances that face our country. But before I do so, I, too, would like to welcome the Secretary of State to his new responsibilities. I am pleased that he is here, taking an interest in this Back-Bench debate, and I wish him well in the difficult duties that he has in these strained circumstances.

I want us to look again at the case for Britain's independent nuclear deterrent. I know that that will probably not be popular on either side of the House; others can make their points as the debate progresses. Given the current circumstances, it is time to consider the question again. The Government projects a total cost of £15 billion to £20 billion for the Trident successor programme. Independent research has suggested that the total cost would come in at three or four times that figure and our past experience with such big defence programmes suggests something similar.

Dr Julian Lewis (New Forest East) (Con) *rose—*

Mr Brown: I remember giving way to the hon. Gentleman the last time I spoke in a debate of this character, back in 2007. I bet his intervention is about the same point.

Dr Lewis: Conservative Members are nothing but consistent on this issue. I remind the right hon. Gentleman that the Polaris fleet and the Trident submarines came into service on time and within budget.

Mr Brown: The hon. Gentleman presumably hopes that that will be the case in the future. However, I challenge him to point to any other defence programme from which he could extrapolate that conclusion. I know that he follows these matters with care, but I cannot think of another programme. He is right to point out the special cases of those procurements in the past, but I am not reassured that they will be repeated in the future. In any event, that point is not at the heart of my case. No matter how one looks at it, this is a very large sum of money to spend. My point is that we should look carefully at whether we should spend it.

The maingate decision on final renewal has been pushed back until after the next general election. The cost of that is said to be an additional £1.5 billion to refurbish and prolong the lifespan of the existing fleet. Parliamentary answers from Defence Ministers show that upwards of £2 billion has already been spent on preparatory work for the manufacture of the new submarines.

The Government clearly intend to press ahead with Trident renewal. In my opinion, they should seek explicit parliamentary authority for doing so. The failure to hold a vote in Parliament on the renewal of our independent nuclear deterrent is because of the inability to reconcile different views in the coalition. The question that faces us is whether an independent nuclear deterrent is a good use of such a large sum of public money in the present circumstances. The arguments, which were never that strong, are now moving away from Trident renewal.

Dan Byles (North Warwickshire) (Con): I am listening with great interest. Does the right hon. Gentleman not agree that a long-term strategic decision, such as the replacement of our nuclear deterrent, should not be taken in the context of the current short-term economic conditions?

Mr Brown: I will come on to deal with that precise point. I have no quarrel with the hon. Gentleman for making it.

The current Trident system relies heavily on US logistical, capacity, technological and military know-how. It is nearly impossible to imagine any circumstances in which we would launch a nuclear attack, much less that we would do so independently of the Americans. Likewise,

were Britain to be attacked by a nuclear power, the terms of our membership of NATO would require a joint response by all members, including the US.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Will the right hon. Gentleman give way?

Mr Brown: I cannot give way because of the rules on these things.

NATO is a mutual defence pact. It is a fundamental strength that its armoury includes the nuclear capability of the US. There has always been a question over why Britain needs to duplicate NATO's nuclear capability, rather than more usefully supplement its conventional capacity.

When I first entered Parliament in 1983, I resisted joining the Campaign for Nuclear Disarmament. I did not support our decision to go ahead with an independent submarine-based system of our own. However, I did support Britain's membership of NATO, which CND did not. At the time, that was regarded in the Labour party as a very establishment and right-wing position. It is a small irony of Labour politics that the same position is today seen as very left-wing.

When the decision was taken to adopt the Trident system in the early 1980s, there was an understanding that in exchange for non-proliferation by the non-nuclear powers, there would be restraint by the existing nuclear powers, in particular the US and Russia, when it came to further weapons development and upgrades. That idea was enshrined in article VI of the nuclear non-proliferation treaty. It can be argued that that has been more honoured in the breach by countries that did not possess a nuclear capability, but that do now. The underlying principle, however, seems to me still to be sound.

The large financial outlay that the Government are committed to in planning to replace our independent deterrent could be better spent in a number of ways. During the economic boom, I argued that we ought to better equip our troops, invest in the specialist field of anti-terrorism capability in line with the real threats that we face, and supplement our existing overseas aid budget. We now face new threats. To take one example, the money that we spend on Trident could be used to bring down substantially the tuition fees of every student. I think that cutting a generation adrift from higher education poses a bigger threat to our nation than the idea that a foreign power with nuclear weaponry would uniquely threaten to use it against us, and not the rest of NATO, and would somehow be able to disapply NATO's founding terms. The real nuclear dangers of the future come from rogue states and terrorism. The possession of an independent nuclear deterrent does not make us safer. A better investment would be in anti-terrorism capabilities.

Three main arguments are put forward by proponents of Trident replacement. The first is that it is the best weapon that money can buy. The second is that it guarantees a seat on the United Nations Security Council. The final argument is that it contributes to our ability to punch above our weight in the world. I argue that it is not much of a weapon if the circumstances in which it may be used cannot be envisaged. Fundamental reform of the United Nations Security Council is long overdue and the difficulty, as we all know, is getting agreement on what that reform should be. I also think that other countries might like us more if we stopped punching above our weight in the world. We might be better thought of by the international community if we settled for being the medium-sized European nation state that we are, rather than the imperial power that we used to be.

We have a choice as a country: do we want to continue to drift into spending billions of pounds on supplementing a nuclear capability that we already possess through NATO or do we want to spend that money on tackling the problems that Britain actually faces in squeezed economic times? Surely we should resolve this issue now with a vote in this Parliament.

2.16 pm

Mr Julian Brazier (Canterbury) (Con): I will not respond to the right hon. Member for Newcastle upon Tyne East (Mr Brown), because I am confident that one or two of my hon. Friends will do so. Instead, I will talk for a few minutes about defence procurement.

Twenty-five years ago, I was responsible for carrying out a survey with three colleagues as a management consultant to compare the procurement systems in seven western powers. It is depressing, a quarter of a century on, how little things have moved on from the issues at that time. I remain convinced, as I was at the end of that process, that Britain is about average or a little above average, and not as inefficient as it is presented to be by some commentators.

I share the view of the Chairman of the Defence Committee that Bernard Gray is exactly the right man in the right job and that his report is excellent. I am deeply concerned that much of Lord Levene's report will undermine some of Bernard Gray's best and most important ideas, much as I respect the noble Lord and the work that he did in procurement at about the time I was a consultant.

There is time to touch briefly on only four points, of which two relate to the procurement function and two to the Ministry of Defence. My first point is that Bernard Gray is absolutely right to point to weaknesses in the contract staff, who are grossly underqualified for the job of stacking up against the highly competent lawyers employed by the other side. In project after project, we have found ourselves badly damaged by the small print.

My second point is about project managers. Gray, Levene and everybody else who has looked at this matter have concluded that we need more continuity in project managers and that they need to be professionally trained. Nevertheless, we are out of line with most other countries in concluding that project managers should be civilians. The most efficient procurers in the world remain, in my view, the Swedes. Their project managers are overwhelmingly military. They are in post typically for four to five years and they are properly trained before they become project managers. The problem, particularly on the army side where there are large numbers of comparatively cheap interlocking projects, is that if civilians are in charge of the projects, as in France, one ends up with lots of detailed user-problems that would have become obvious earlier if they had been before a military project manager. That is why

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France, despite spending far more on research and development than any other continental country, does not have a particularly good record on land vehicles.

My third point goes more to the heart of the distinction—in my mind, anyway—between Levene and Gray. The heart of Gray's report—perhaps his single most important recommendation—is at point 4 in his summary, where he says that we must

"Clarify roles and create a real customer-supplier relationship between the capability sponsor (MoD centre)"—

—this is a distinction that we, alone in the whole world, developed before the second world war—

"and project delivery (DE&S)".

He goes on to stress that the Deputy Chief of the Defence Staff (Capability) is the man who has to drive this. In contrast, Peter Levene suggests that DCDS (Capability) should be merged with one, or possibly two, other functions out of a long list—that it should be downgraded—instead of having, as Gray recommends, one board whose secretariat and day-to-day policing should be provided by DCDS (Capability) to oversee the process. In Levene's structure we would end up with a complete muddle, with, in effect, four different bodies considering these matters—the new Defence Board, which is all-civilian except for the Chief of the Defence Staff, and the three armed forces themselves. That would take us halfway back to pre-1936.

Bob Stewart (Beckenham) (Con): If the move is to make the CDS the commander-in-chief, and therefore in charge of the Army, with the same going for the other two services, surely it is proper that such people are represented on the Defence Board, if not particularly within the Ministry of Defence?

Mr Brazier: I thoroughly agree with my hon. Friend. I was about to come to that as my fourth and final point, but let me first finish my remarks on capabilities.

There is a very important reason, which Bernard Gray fingers exactly in his original report, for having a proper supplier-customer relationship. In the second world war, the Luftwaffe had a much more powerful research and development and industrial base, but the RAF, because it had a separate capabilities group, was able to make sure that all the pieces interacted so that we did not have problems with fighters that could not talk to bombers, and so on.

The A300M is a modern example of where that structure has broken down because—Gray criticises this—the capabilities staff have got weaker, and they will get a lot weaker still if the Levene recommendations are adopted. This aircraft is being bought for the Air Force—I have huge respect for Air Transport Command because of the brilliant work it has done in Afghanistan—but the user is the Army. Bizarrely, we have managed to arrive at a point where we are choosing to buy an aeroplane that is much more expensive than its tried and tested competitor, the Hercules, on the grounds that it can carry one armoured vehicle per aircraft whereas the Hercules cannot. If asked, the Army would say that armoured vehicles usually go by sea—it has C17s if it has to move them by air—and that it could not afford most of the armoured vehicles it wanted anyway. A strong central capabilities directorate would probably have been able to get a grip on that. Furthermore, the problem is as much in the detail as in the big picture.

That brings me to my fourth and last point, which was anticipated by my hon. Friend the Member for Beckenham (Bob Stewart). Some countries, particularly on the continent, do not allow executives on to their company boards; we would say that their company boards are all non-executive. Putting those countries to one side, in all my years as a consultant—I worked on all six continents—I never came across a successful company anywhere in which the heads of the main operating divisions were not on the main board. Peter Levene's recommendation that the individual chiefs of staff should not sit on the Defence Board is bizarre. If one puts that alongside my third point about capabilities, with the greater powers that the individual services are going to take back from the centre to monitor projects, one can see that it is a recipe for increased in-fighting and for a reduction in interoperability. That is a big step away from joined-up defence.

I should like to end on a more positive note. With Bernard Gray, who is probably the best informed and best equipped man in the country, being put in charge of procurement, there is a fair chance that he will manage to overcome many of these problems. Certainly, under his leadership the performance of the procurement function itself will move from being a little above average internationally to being among the best. However, if we simply implement at the centre the Levene reforms as they are constituted—I have mentioned two of the weaknesses, and I could go into some of the others in detail—there is a risk that, in this area and in several others, we may undermine long-term defence planning.

2.25 pm

Mrs Madeleine Moon (Bridgend) (Lab): I fear that the strategic defence and security review was a cost-cutting exercise rather than an exercise that focused particularly on the defence needs of this country. As those who know me are aware, I have a particular worry about maritime patrol capability.

Following the decision to scrap the Nimrod MRA4, we have been left with no maritime patrol capability. The £6 billion Nimrod fleet is now ancient history and resting in a scrap yard somewhere. I do not want to spend any time discussing that again, but I want to consider where we stand without the capability that it would have provided. The former Secretary of State for Defence, the right hon. Member for North Somerset (Dr Fox), summed up the problem in his infamous letter to the Prime Minister:

"Deletion of the Nimrod MR4 will limit our ability to deploy maritime forces rapidly into high-threat areas, increase the risk to the Deterrent, compromise maritime CT (counter terrorism), remove long range search and rescue, and delete one element of our Falklands reinforcement plan."

I want to examine each aspect of that assertion—first, the rapid deployment of the maritime forces into high-threat areas. The maritime patrol aircraft is there to protect our nuclear deterrent. In mid-December, *The Scotsman* reported that a Type 42 destroyer had to be dispatched when a Royal Navy battlegroup appeared off the coast of Scotland. [Hon. Members: "Russian navy battlegroup"] I am sorry—I meant a Russian navy battlegroup. Did I say "Royal Navy"? That is a real Freudian slip—I do

apologise. Clearly, my meetings with Alex Salmond have left things in my brain that I should not have brought forward. A Russian navy battlegroup appeared off the coast of Scotland, as have a number of Russian submarines. In addition, Russia is building a new fleet of submarines. In the past a Nimrod would have been dispatched to keep a watchful, discreet eye. Instead, we sent a Type 42 destroyer. Without the MPA, we do not know who is out there or what risks we face.

Scotland is a part of what we should consider our back door—the high north. We spend very little time focusing on that region, but we ignore it at our peril. We tend to forget that we are a northern European country, and that the high north is growing in significance. Without a comprehensive maritime patrol capability, we cannot address the strategic and economic importance of the high north. As the ice melts in the Arctic ocean, the 160 billion barrels of oil that are assessed as being in that region are becoming more accessible. No one dreamed of those sea routes being opened up, or of the 40-day saving on travel made possible by the Suez canal being available for our shipping lanes. Without the MPA, we cannot keep an eye on those shipping lanes to watch for military deployments or respond to any disasters, whether they are environmental, security-related or human.

Mr Arbuthnot: I am grateful to the hon. Lady for giving way and particularly for the extraordinarily good work that she does on the Defence Committee, including in drawing our attention to issues such as the high north. In the comments that she just made, was she also making a comment about some of the possible implications of Scottish independence?

Mrs Moon: It is vital that the House addresses the issue of defence in relation to Scottish independence. I hope that, with the Chairman's agreement, the Defence Committee will include it in our future programme. It is a matter of grave importance to the security and defence of the United Kingdom, and we should take it extremely seriously.

I turn to maritime counter-terrorism. On a visit to Northwood, information was given to me that having one Nimrod, a maritime patrol aircraft, was the equivalent to having 12 ships. We have only 19 ships, and we no longer have MPA capability. We have the increasing problem of countering piracy, which is a form of criminal maritime terrorism. Naval command said last year that 83 warships were needed to ensure a one-hour response time to merchant ships attacked in the high-risk area, yet in October only 18 vessels were deployed. The area of risk is huge—2.5 million square miles—and over the next 20 years, the volume of trade going by sea will increase by 50% and Navy cover will drop by 30%. Tracking rogue ships over such a wide area needs maritime patrol capability, which we do not have.

Counter-piracy operations conducted through NATO and through EU NAVFOR—Naval Force Somalia—rely on the resources provided by members. The availability of MPA fluctuates according to demands elsewhere, and operations in Libya meant that those limited resources were diverted. We face increasing numbers of attacks in the Indian ocean, the strait of Hormuz and now off the west coast of Africa.

Our reliance on the sea is enormous. In 2010, 35% of our total natural gas imports arrived by sea. By 2020, 70% will be imported in that way. Some $952 billion of trade a year passes through the Suez canal, and piracy costs the international economy between $4 billion and $7 billion a year. Those figures are being passed on to taxpayers through the rising cost of the goods transported through the region.

There are huge problems with the proposal to post armed guards on merchant ships. I have particular concerns about the rules that would be needed to govern the licensing of firearms on UK-flagged vessels, and about what would happen to the pirates who were captured. Kenya is no longer willing to help. How will pirates be transported to third countries for trial, and what will the legal position be of both the pirates and the maritime security company that transports them there? Are we in danger of giving rise to the issue of rendition?

I turn to our long-term search and rescue obligations. In 2010 our Nimrods were called out between 30 and 40 times to assist with search and rescue. We have an international responsibility for search and rescue covering 1.2 million nautical miles, but in a collection of letters in *The Daily Telegraph* in 2010, one writer said:

> "I advise mariners to avoid requiring rescue more than 250 miles from shore."

Without a maritime patrol capability, our capacity to rescue our seafarers is removed.

I wish briefly to consider the Falklands. I remind the House that when the invasion started on 31 March 1982, a Nimrod arrived at Ascension island on 6 April. A battle group of Harriers did not arrive until 1 May. That maritime patrol capability gives us the flexibility that we need, and it is a matter of great urgency that the House is advised on when it will be restored.

2.34 pm

The Secretary of State for Defence (Mr Philip Hammond): Let me begin by paying tribute to Signaller Ian Sartorius-Jones of 20th Armoured Brigade Headquarters and Signal Squadron, who died on operations in Afghanistan on 24 January. Our thoughts at this difficult time are with his family and friends. All of us in this House are acutely conscious of the sacrifices being made in Afghanistan on a daily basis by the men and women of our armed forces. The experience of my first 100 days as Secretary of State for Defence has only reinforced my admiration for their selflessness, dedication and bravery, as well as for the commitment and professionalism of the civilians who support them. They are rightly a source of great pride to the nation.

I congratulate my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot) on securing this debate on behalf of the Select Committee on Defence, and on his speech, most of which I wholeheartedly agreed with. I am delighted to have the opportunity to address the House on the defence reform programme that I have inherited, on my approach to it, and on how I will take forward the delivery of the defence outputs required under the strategic defence and security review.

Mr Gray: Does my right hon. Friend remember—perhaps he would do so nostalgically—the days when we had at least three debates annually on defence on a Government motion in Government time? Does he agree that this should be a Government debate rather than a Back-Bench one?

Mr Hammond: My hon. Friend will know that the Government took a decision to give a large slug of parliamentary time to the Backbench Business Committee, to be allocated according to the priorities that Back Benchers identify. That was a bold decision for a Government to take. The result is that we have that defence debate today. I hope the Committee notes, as my right hon. Friend the Member for North East Hampshire said, the strong attendance, and that that will mean we have more defence debates on Thursday afternoons in future.

I am delighted also to have the opportunity to address the House—I have said that once so I will not say it again.

Mr Jim Murphy (East Renfrewshire) (Lab): It was pretty good.

Mr Hammond: I agree.

Today's debate is about the reform of defence. That reform is for a purpose. Sometimes, amid the minutiae of budgets and organisational structures, we need to take care not to lose sight of that purpose: the defence of this nation and our dependent territories against those who threaten our security and our national interest.

The challenge we face is to deliver that defence on a sustainable basis within a resource envelope that the country can afford. That challenge must be set in the context of the fiscal and economic circumstances, as other Members have noted. History tells us that, without a strong economy and sound public finances, it is impossible to sustain in the long term the military capability required to project power and maintain defence. The debt crisis is therefore a strategic threat to the future security of our nation and to the security of the west. Restoring sound public finances is a defence imperative as well as an economic one, and defence must make its contribution to delivering them.

James Morris (Halesowen and Rowley Regis) (Con): Does the Secretary of State agree that, in times of economic austerity, it is important that we develop collaboration with our NATO allies to enhance capabilities, so that we can engage with allies to combat some of the threats that we face?

Mr Hammond: My hon. Friend is absolutely right. Part of the answer to the questions raised by the hon. Member for Bridgend (Mrs Moon) is collaboration with NATO allies. They can share assets that they have and that we do not have, and we can reinforce their capabilities in other areas. The smart defence agenda is an important one—it involves collaboration among NATO allies in procurement to ensure that we get the best defence effect we can get with the limited budgets available.

As I have said, defence must make its contribution to delivering sound public finances, so even if the defence programme that we inherited had been in good shape, the spending review and the SDSR would have had to find savings to contribute to overall deficit reduction. However, the defence programme that the Government inherited was very far from being in good shape. At its heart, it had a £38 billion black hole filled with procurement projects that were at best hopelessly over budget and out of control, and at worst pure fantasy. They were projects announced by politicians—actually, mainly one politician—without any budget cover or prospect of ever being delivered, in a programme that had no proper contingency, no effective recognition of risk, and no provision for the "conspiracy of optimism" that was evident in MOD equipment cost estimates. The support programme systematically underprovided for the proper maintenance and sustainment of the equipment that was already in service. In short, Mr Deputy Speaker, it was a shambles.

Hugh Bayley (York Central) (Lab): Will the Secretary of State give way?

Mr Hammond: I will give way to the hon. Gentleman, who will perhaps explain his way out of that.

Hugh Bayley: Were the capital programmes that the right hon. Gentleman's Government inherited supported or opposed by the chiefs of staff at the time?

Mr Hammond: I am obviously not privy to the advice given to Ministers in the previous Government by their defence advisers, nor should I be, but if the previous Government were succumbing to recommendations from the defence chiefs, they were doing them no favours by pretending that they could deliver equipment programmes for which there were no funding lines or budget cover, and when there was no prospect of their materialising.

John Woodcock (Barrow and Furness) (Lab/Co-op) *rose—*

Mr Hammond: I am going to make some progress.

Does it matter that Labour's programme was stuffed full of projects that would never and could never be delivered? I would argue that it did matter, because so long as the fantasy persisted, the doctrine and philosophy of our armed forces—*[Interruption.]* If the hon. Member for North Durham (Mr Jones) listens, he might understand the point being made. So long as the fantasy persisted, the doctrine and philosophy of our armed forces were built around the notion of those platforms being delivered, when what the forces really need is a realistic programme that we can deliver and that they can have confidence in, so that they can start rethinking their doctrine and operating philosophy for the future around the platforms and capabilities that we will have.

John Woodcock: To aid this debate, could the Secretary of State just remind the House whether his party in opposition argued for a smaller or larger Army than the then Government were prepared to support?

Mr Hammond: What I say to the hon. Gentleman is that we face the situation that we face. We came into office with a massive deficit, which we inherited from the previous Government, and as I shall argue, we have taken the tough decisions that, frankly, the previous Government shirked over the last few years, thereby doing the armed forces and the country no favours.

By 2010, Britain's armed forces had endured a decade of high-tempo operations without a formal defence review and were faced with a period of acute fiscal pressure. The case for reform to ensure that the armed forces were restructured and re-equipped to protect our

national security against the threats that we would face, within a budget that the nation could sustain, was unanswerable. Tough decisions were necessary to deal with problems on the scale of the inherited defence deficit, and this Government took them. I am clear, as the Prime Minister and my predecessor have been, that whatever the pain, our first duty is to put our armed forces on a sustainable basis by restructuring them for the future and putting the budgets that sustain them on a stable footing. As the SDSR acknowledged, the process of transitioning to Future Force 2020 will require us to take some calculated and carefully managed risks against certain capabilities, most prominent among which are wide-area maritime surveillance, to which the hon. Member for Bridgend referred, and carrier strike.

I regret in particular the cuts in personnel that are required to deliver that rebalancing and make the armed forces sustainable. However, in case any confusion has been created over the last few days, let me clear up one point. The headcount of military personnel will have been reduced by around 18% by 2020 compared with the 2010 baseline. That is in contrast to a 38% reduction in civilian headcount. Regrettably, some of that reduction will have to be achieved by redundancy. Where that is necessary, every opportunity is being given, and will continue to be given, for military personnel at risk of redundancy to retrain for alternative roles of which there are shortages in the armed forces.

I heard the comments of my right hon. Friend the Member for North East Hampshire earlier. Following the publication of the Select Committee's report, I have asked for a specific briefing on the point that he raised. I would be happy to share that with him after the debate—*[Interruption.]* I will share it with the right hon. Member for East Renfrewshire (Mr Murphy) as well, if he wishes. It includes a list of the shortage trades for which suitably qualified individuals who are facing redundancy are invited to apply.

Damian Collins (Folkestone and Hythe) (Con): The large number of redundancies in the Gurkhas has inevitably caused concern among them and in my constituency. Will the Secretary of State give me a commitment that the Gurkhas will remain a unique and important part of the British armed forces?

Mr Hammond: The Gurkhas remain a very important part of the British armed forces. I think that my hon. Friend understands exactly the problem that we face in regard to Gurkha numbers. Their terms of service were changed as a result of decisions made by the courts and the campaigning pressure that was placed on the previous Government. That means that most Gurkhas have elected to extend their service to 22 years. Consequently, the numbers of Gurkhas in service are projected to be above the levels needed to sustain the two brigades that we wish to sustain. That has given rise to a larger number of Gurkha redundancies than we would have expected to see. That is regrettable but, I am afraid, inevitable.

We are making tough decisions to tackle the massive deficit left by the previous Government and the unfunded defence programme. If those decisions had been easy or popular, you can bet your life that the Labour Government would have taken them years ago. They did not do so, however, and it now falls to the coalition to do the right thing in the long-term national interest. Translating the strategic prescriptions of the SDSR into decisive actions was always going to be a process rather than an event. Turning the corner on a decade of mismanagement will take time and determination.

To shine a bit of light into the end of the tunnel, the Government announced in July 2011 that the MOD could plan on the budget allocated to defence equipment and equipment support increasing by 1% a year in real terms between 2015 and 2020. That amounts to more than £3 billion of new money over the period. Importantly, that commitment was renewed by the Chief Secretary to the Treasury after the autumn statement. That will enable investment in a number of programmes, including the procurement of new Chinook helicopters, the refurbishment of the Army's Warrior fleet, the procurement of the Rivet Joint, or Airseeker, intelligence and surveillance aircraft, and the development of the global combat ship.

The MOD is currently undertaking its annual budget setting process, which is known as the planning round. I am personally engaged in that process, and I am increasingly confident that we are close to achieving a sustainable and balanced defence budget for the first time in a decade or more. That would be an immense achievement, and would allow us to plan with confidence and to spend well over £150 billion on new equipment and equipment support over the next decade, as well as delivering the force restructuring and rebasing that we have announced. A turnaround on that scale requires a major cultural shift. Defence must change the way in which it does things and the way in which it addresses problems. It must challenge the received wisdom around the doctrines used to deliver defence tasks and around the management of defence itself..

Last month, the Government published the first annual report on the SDSR, which set out in full the progress that is being made. Let me address a couple of salient areas of what the MOD calls "transforming defence"—that is, the journey from the mess that we inherited towards achieving a sustainable, capable, coherent and adaptable force, built on balanced budgets and disciplined processes, by 2020. As I have said, I am clear that the Ministry of Defence must balance its budget. I am equally clear that it does not exist to balance its budget; it exists to deliver effective defence within a sustainable budget envelope.

Sir Bob Russell (Colchester) (LD): Will the Secretary of State give way?

Mr Hammond: I cannot resist taking one last intervention.

Sir Bob Russell: Does the Secretary of State accept that morale is very important, and if our soldiers, sailors and air personnel and their families are given accommodation that is not fit for purpose, that does nothing to help the Government's objectives?

Mr Hammond: I reassure my hon. Friend that I absolutely agree that morale is very important. I shall come to morale in a moment, and I understand that accommodation plays an important part in that. He will understand that there are thousands of moving parts in the defence budget, and trying to bring them back into balance is a massive challenge. Inevitably,

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people will always ask us to do more, more quickly, whether on accommodation, front-line equipment or any other area. We must try to balance the equation and get the judgment right.

As I said, the Ministry of Defence exists to deliver an effective solution within a sustainable budget envelope. NATO membership and our defence relationship with the United States and other key allies, such as France and Australia, are a vital part of the strategic solution as we move to Future Force 2020. It will, of course, be a smaller force, but it will be equipped with some of the best and most advanced technology in the world. It will be configured to be agile, focused on expeditionary capability and carrier strike, able to intervene by airborne or amphibious assault, and with the ability to deploy, with sufficient warning and for a limited time, a whole-effort force of about 30,000, or to maintain an enduring stabilisation operation at brigade level while concurrently undertaking one complex and one small-scale non-enduring operation. It will be a formidable regular force, supported by better trained, better equipped reserves who will play a greater role in delivering defence effect on the back of the extra £1.8 billion that we will invest in them over the next 10 years. All that will be underpinned by the expectation that, in most circumstances, we will be fighting alongside allies, and it will be supported with doctrines that will effectively address the threats of the future with the assets that we will have.

The proposal is about finally moving on from cold war reliance on mass to the "lethal and light" doctrines of flexibility and agility that the challenges of the new century require. It is not just the armed forces that need to reconfigure; the management of defence needs to change too, by developing a laser focus on delivering defence cost- effectively and accountably, protecting the front line and the taxpayer at the same time. Under my predecessor, that transformation had already begun. The recommendations of the Defence Reform Unit under Lord Levene were broadly accepted. Many have been implemented and others are in the pipeline. The Defence Board has been reconfigured to provide for a clear, single, joint service voice on military priorities, and a greater role for non-executive directors under the chairmanship of the Secretary of State. I reassure my hon. Friend the Member for Canterbury (Mr Brazier) that the single voice for the military on the Defence Board is supported by an effective armed forces committee, at which the chiefs of the individual services are able to work together to determine their combined order of priorities for the Defence Board's allocation of available resource. That priority order is then presented to the Defence Board by the Chief of the Defence Staff—a presentation that has become extremely effective, because it carries with it the authority of all three services and the joint forces commander.

The Defence Infrastructure Organisation has been stood up to rationalise the Ministry of Defence estate and reduce costs by 25%. Defence Business Services has been created to unify human resources and other back-office functions across the Department. The reform of the procurement process has begun with the appointment of—you guessed it, Mr Deputy Speaker—Bernard Gray, who has now had four name checks, I think, so far in the debate, as chief of defence matériel, and the establishment of the major projects review board to hold those responsible for failing projects firmly to account.

This year will see the transformation accelerate, with an evolution towards a leaner, more strategic head office; the introduction of a stronger financial and performance management regime across the whole Department; the service chiefs being empowered to run their individual services and their delegated services budgets; the new joint forces command being stood up on 1 April; and the start of the reform of the MOD's defence equipment and support business on the basis of a new matériel strategy.

The next few years will also see the beginning of considerable change on the ground as the rebasing programme set out in July last year is taken forward and the Army begins its return from Germany, as well as its withdrawal from Afghanistan and its internal restructuring to deliver five multi-role brigades. I know those last changes, in particular, are of great interest to individual Members. The House will understand that many of the changes are interdependent and complex, but I can give a commitment that I will make further announcements on the details of individual elements of the transforming defence programme as and when it is appropriate to do so.

Sir Menzies Campbell (North East Fife) (LD): Will my right hon. Friend give way?

Mr Hammond: I thought that might provoke my right hon. and learned Friend.

Sir Menzies Campbell: First, I should apologise for being unable to be present at the beginning of the debate due to other responsibilities.

My right hon. Friend is right to say that the basing decisions have caused a great deal of disappointment. In the case of my constituency, the closure of RAF Leuchars, which has provided nearly 100 years of service in aerial warfare, has been particularly difficult to accept. Part of the argument in favour of that closure was that there would be specific deployments of units of the Army to occupy the base. So far, very little detail has been made available. May I encourage my right hon. Friend to ensure that the announcements he has just foreshadowed will be made as soon as possible?

Mr Hammond: I can reassure my right hon. and learned Friend on that point. RAF Leuchars is not so much closing as transforming its role to become the home of one of the five multi-role combat brigades after the rebasing of the Army back to the UK.

The purpose of all the changes is to increase the investment we can make in service people and their equipment and training, to increase investment in the front line by making the back office more efficient and more accountable, and to deliver value for money in defence. I know that change is unsettling and that the threat of change and the uncertainty it brings can sap morale, which my hon. Friend the Member for Colchester (Sir Bob Russell) mentioned. I will make every effort to ensure that the people who are directly affected by the proposals are kept fully informed as they progress and that we get the changes made as quickly as humanly possible.

Mr Gray: Will my right hon. Friend give way before he moves on?

Mr Hammond: I will not give way to my hon. Friend a second time, as I am conscious that a large number people wish to participate in the debate.

People remain the greatest asset of defence and, despite the tough decisions that must be taken, we will do all we can to protect them. This Government understand our duty to the country and to our armed forces. We have made the tough choices necessary to put them on a sustainable footing for the defence of national security and of the United Kingdom's interests around the world. We know that making those changes will not to be easy, but I have no doubt that the British armed forces that will emerge will be formidable, flexible and adaptable, supported by the fourth largest defence budget in the world, meeting our NATO responsibilities and equipped with some of the best and most advanced technology on earth.

To get there, we need not just the series of structural and organisational changes I have set out, but a cultural shift in the way the organisation thinks and works. We need a shift in military doctrine to deliver the defence effect we will need, using the capabilities we will have; a shift in civilian culture to one of discipline, individual accountability and delegated decision making; and a shift to a leaner, fitter, more empowered and more empowering organisation. This is a programme of renewal and change of a scope and on a scale greater than anything else being delivered across the public sector. It is a blueprint for a sustainable future for the UK's armed forces as one of the world's most capable fighting machines. That is what Britain needs and what our armed forces deserve, and as we move forward to deliver it we will never forget that at the heart of this organisation are the servicemen and women who are prepared to put their lives on the line for us day in, day out. We owe it to them to make sure that the transformation we have embarked upon delivers its full promise.

3 pm

Mr Jim Murphy (East Renfrewshire) (Lab): I welcome the opportunity to speak in this annual debate.

The debate was initiated by the Select Committee on Defence and facilitated by the Backbench Business Committee, but I hope that in future the time allocated will be additional to that allocated by the Government to such debates.

I congratulate the Chair of the Defence Committee, the right hon. Member for North East Hampshire (Mr Arbuthnot), on his very thoughtful speech. Even though parts of it criticised the Government of whom I was a member, his assessment was often fair. Parts of his speech, however, were in stark contrast with the opening passages of the Secretary of State's partisan comments.

It is right that we remember the names of those serving in our name across the world and those, such as Ian Sartorius-Jones, who have lost their life serving our nation, particularly in Afghanistan, which must remain our country's principal defence mission. The bravery of the UK's servicemen and women is in all our thoughts and many of our prayers. Their actions overseas make our country safer and we thank them and their families.

We continue to support strongly the mission in Afghanistan because we are entering a difficult phase in that conflict. With 33,000 US troops and 500 UK troops departing this year, and with the pace of further withdrawal yet to be set, the capacity of Afghan forces is a crucial issue. There are worrying signs in terms of retention rates and recent high-profile infiltrations of those forces. Building the strength and the legitimacy of the Afghan national army and police force must be a priority for this year alongside the delivery of representative, stable local governance and the continued engagement of regional partners. Labour will continue to support and scrutinise the Government, as well as pressing for the pace of withdrawal to follow the conditions on the ground. It is vital that we have clarity as soon as possible on the size of any residual UK force in Afghanistan and on its responsibilities.

Afghanistan sits alongside many new and emerging threats faced by the UK and our allies. Events in north Africa and the middle east continue to prove this. The potential for conflict between states or among peoples is on the rise.

Rory Stewart (Penrith and The Border) (Con) *rose—*

Mr Murphy: I anticipated that the hon. Gentleman would seek to catch my eye and I will gladly give way.

Rory Stewart: Will the shadow Minister please explain what he proposes to do to achieve a stable, effective Government in Afghanistan that has not already been proposed by the Government?

Mr Murphy: I am sure the hon. Gentleman will appreciate that I said right at the beginning that I am keen to have a bipartisan approach in Afghanistan, and that will continue. There is sometimes a temptation with these very difficult, often impractical, problems to give in to the temptation to seek and find synthetic differences, but as I have said before at the Dispatch Box it is important that this year there should be a genuine political process to match the military might of the past decade. That did not happen last year, and it should be compulsory this year. The Bonn conference was a failure in that regard, but I did not attack our Government for that from the Dispatch Box because it was an international failure to formulate the political strategy that that country so badly needs.

Mr Tobias Ellwood (Bournemouth East) (Con): I appreciate that the right hon. Gentleman was not in post during the relevant period, but does he regret not conducting a defence review in the past decade? A review might have helped to identify the fact that Snatch Land Rovers were not appropriate in Afghanistan. We went through a period of bizarre procurement in which the Ridgback, the Cougar, the Vector, the Jackal and the Mastiff were produced one after another and bought off the shelf to try to identify something that would work in Afghanistan. If we had held a defence review, perhaps we would have seen that the conduct and style of war was changing before our eyes and we could then have ensured that we sent our armed forces to Afghanistan with the right equipment.

Mr Murphy: The hon. Gentleman has great and varied experience, but I think he will fairly accept that the urgent operational requirements worked well in Afghanistan, and after 9/11 we updated our defence

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review with a new chapter. In a debate that is intended to be relatively thoughtful rather than our traditional cut and thrust, it is fair to say that the nature of the conflict in Afghanistan changed and surprised many people, including those who were engaged in it day to day. As we reflect on what happened in Afghanistan, it is crucial that we learn deeply the lessons of the conflict, in the hope that we never have to deploy them, but in the fear that on occasion it might become necessary.

I was making the wider point that events in north Africa and the middle east continue to prove the uncertainty and unpredictability of the future shape of conflict. Coupled with the Arab spring, the growing global population, the threat of climate change, new information technology and biotechnologies, nuclear proliferation and cyber-attack, we live in what is, by consensus, an era of dramatic new global security challenges. All that means that it is sensible for the Government to invest the £650 million they have announced for cyber-security. The continuing emphasis on soft power and multilateralism to supplant the inevitable capability shortfalls resulting from spending constraint is vital. It was crucial in good times, but it is compulsory in these difficult times of budget cuts in a world of flux.

Dr Murrison: The shadow Chancellor is on record saying that he accepts all the Government's spending cuts. However, the shadow Defence Secretary says that he thinks only £5 billion-worth of cuts in defence are necessary. Who is correct?

Mr Murphy: I have learned from experience that it would never be wise to misrepresent the words of the shadow Chancellor, and I dare say the hon. Gentleman is doing just that. We have been pretty clear; we cannot commit to reverse specific cuts that the Government have made. Similarly, before the 1997 election we said we would stick to the size of the state for the first two years of a Labour Government. It is important to be clear: before that election, we committed not to reverse individual spending cuts.

On defence reform, we know that we must meet the ambitions for our forces that we share across the Chamber, and which the Secretary of State referred to at the end of his comments. Reform is more important than ever before and when the Government make the right choices, they will have our backing. I listened carefully to the hon. Member for Canterbury (Mr Brazier), who spoke with real passion about an important issue that can often be quite dry. Much of the restructuring of the MOD announced in the Levene report was as welcome on the Opposition Benches as it was, in the majority of cases, on the Government Benches, in particular, greater financial powers for service chiefs. Some of the rebalancing of the equipment programme, notably cutting tank regiments, was necessary and has our support.

Unfortunately, that is not the case for every decision taken in the Government's controversial and much criticised defence review, which has set our country's defence policy on an uncertain path. However much some try to depict the process as a success, the evidence to the contrary is striking. The strategic defence and security review was immediately reviewed in a three-month study that announced thousands of further redundancies in our forces and the civil service. There are new unfunded liabilities on the balance sheet and further cuts to the equipment programme appear imminent. The conflict in Libya saw military equipment planned for the scrapyard recalled. The UK has been left with serious capability shortfalls for a decade, most notably the carrier strike capability gap. Military experts have repeatedly been open in their criticisms, and all in all it is a cuts package still in search of a defence strategy and there should be a rethink.

On forces welfare, I welcome much of what the Secretary of State has said in the announcements that he has made in advancement of forces welfare, but last week saw 400 Gurkhas being made redundant—the second painful cut they have had to endure in just a few months. The whole House will recall that the Prime Minister championed those remarkable soldiers in opposition, and many will agree with the Defence Committee's statement that the level of compulsory redundancies among those in uniform is "grotesque." That comes alongside cuts to front-line allowances, and permanent changes to pensions that will disproportionately affect members of the armed forces and their dependants, who rely on their pensions at an earlier stage in life than almost anyone else.

Mr Philip Hammond *rose—*

Mr Murphy: I will happily give way, because I anticipate that the right hon. Gentleman's fidgeting—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. One standing up, one sitting down, not two standing at once.

Mr Hammond: I am sorry, Mr Deputy Speaker. The right hon. Gentleman says he is giving way, then stays standing up for another three sentences. I am confused. He says the redundancies in the armed forces are grotesque, but he says he will not reverse the spending cuts that the Government have announced. Which is it? Is he going to reverse the cuts or is he going to accept the redundancies?

Mr Murphy: As the right hon. Gentleman knows, I am echoing the assessment and the assertion of the all-party Select Committee, and now that the right hon. Gentleman and his friends have sacked those soldiers, we cannot re-employ them. That is very clear indeed.

Mr Hammond: The right hon. Gentleman is not going to wriggle out by putting it in an historical context. A tranche of military redundancy is going on right now, and regrettably there will have to be further tranches. Would he scrap them and, if so, where would he get the money from?

Mr Murphy: It is ironic and peculiar that the current Secretary of State is seeking a commitment from the official Opposition to reverse cuts that he has not even yet announced. It is a ludicrous way to conduct politics and economics.

This cut comes alongside cuts to front-line allowances, and permanent changes to pensions, which will detrimentally affect those who require to take their pensions earlier in life. A corporal who has lost both legs in a bomb blast in Afghanistan will miss out on £500,000 in pension and benefit-related pensions. War

widows will also lose out enormously. A 34-year-old wife of a staff sergeant killed in Afghanistan would be almost £750,000 worse off throughout her life.

Ministers blame deficit reduction but the argument does not add up. These changes are permanent, so the impact will be felt long after the deficit has been paid down and the economy has returned to growth.

I believe it is uncomfortable for us all that Sir Michael Moore, the chairman of the Forces Pension Society, has been moved to say:

"I have never seen a Government erode the morale of the Armed Forces so quickly".

What has been the Prime Minister's response? It has been a Cabinet Sub-Committee of his Ministers. To those in the front line, that will be little consolation. Indeed, given some of the decisions that have been taken, they are likely to want fewer, not more ministerial meetings. As I have previously said, I think there is a case for fewer Ministers in the Ministry of Defence in and of itself.

As the Secretary of State has rightly said, UK armed forces are a "force for good" across the globe, bringing peace to the Balkans, promoting stability in Sierra Leone, building capacity across Africa, supporting the actions around Libya, the normalisation of Northern Ireland and counter-terrorism at home and overseas, including in Iraq and Afghanistan. We want our forces to continue to play such a world-leading role, but their ability to do so is being challenged by the decisions of the Government.

Dr Julian Lewis: I thank the shadow Secretary of State for giving way so courteously. In his list of commitments, the one thing he has not mentioned is the strategic nuclear deterrent. In the light of the first contribution that was made from the Opposition Back Benches, would he care to reiterate his party's commitment to the renewal of the strategic nuclear deterrent?

Mr Murphy: My hon. Friend the Member for Barrow and Furness (John Woodcock) is over my right shoulder, and I would not wish to steal his speech, because without anticipating its detail I expect it will be a detailed rebuttal of my right hon. Friend the Member for Newcastle upon Tyne East (Mr Brown). Briefly, our view remains that we believe in the minimum credible independent nuclear deterrent. The timing of the Government's process does surprise many, because it seems to be designed for internal political dynamics rather than the defence of our nation, but generally we do support the retention of the minimum independent nuclear deterrent, and we look forward to an informed debate about its renewal.

Sir Menzies Campbell: Will the right hon. Gentleman give way?

Mr Murphy: I have given way more often than I probably should have, Mr Deputy Speaker, given that I am sure you will encourage me to sit down in just a couple of minutes, but on the basis that he is not only a right hon. and learned Member but also a friend, I will give way briefly to the right hon. and learned Member for North East Fife (Sir Menzies Campbell).

Sir Menzies Campbell: The right hon. Gentleman has spoken at some length and with some eloquence about the uncertainties that face the defence of the UK, but has he considered the uncertainties that would face the defence of the UK were there to be an independent Scotland—not least for Scotland, but for all the rest of the United Kingdom? Our reputation and our capability are well recognised; how far does he think these would be capable of being sustained in the event that there was an independent Scotland?

Mr Murphy: The right hon. and learned Gentleman makes a compelling argument. I look forward to being part of the discussion during the referendum campaign. I have only two more points to make: the first is about finance but the other is about Scotland, which will allow me to respond to that intervention in more detail.

The Secretary of State mentioned the £38 billion figure, but that is Ministers' response to every single issue. They use a catch-all Conservative assertion as a fact and so attempt to escape their responsibility, but in its report on the SDSR the Defence Committee stated:

"We were disappointed by the MoD's response to our requests for a breakdown of the MoD's financial commitments, including details of the components of its estimate of a £38 billion gap in the defence programme".

When the previous Secretary of State gave evidence to the Committee, he was asked to provide that information, but it has still not received it. He said that he would provide it, but when challenged he said:

"Offhand, I couldn't give an actual figure, but I will get it for the Committee."

The Committee has not received it. In evidence to the Public Accounts Committee, the MOD director of general finance said that

"Ministers have committed to making a public statement"

on the MOD's spending gap. They have not made it. We look forward to the promised information being made available not only to the Defence Committee and the House, but to the forces, their families and the country. Until Ministers provide it, there will be an enormous gap in the Government's explanation for their decisions.

Finally, let me respond to the point about Scotland made by the right hon. and learned Member for North East Fife and my hon. Friend the Member for Bridgend (Mrs Moon), who unintentionally but inelegantly described Scotland as "our back door". For many of us it is home and we want never to see a Royal Navy battlegroup off the coast of Scotland, except perhaps as it sails from there to foreign shores; but while there are real worries about the Government's defence policy on the Opposition Benches and across the country, those are dwarfed by the worries about the defence plans of another Government on these isles—the Scottish Government.

Although I criticise the rushed nature of the UK Government's defence review, I make the opposite criticism of the Scottish National party Government's approach. Their party has been around since 1943—

Sir Menzies Campbell: They're not around today.

Mr Murphy: They are almost represented by my hon. Friend the Member for Edmonton (Mr Love), who is almost sitting in their usual place. An expat Scot, he looks as though last evening he spent a lot of time enjoying Burns night. *[Laughter.]*

Thomas Docherty: Will my right hon. Friend give way?

Mr Murphy: I know I am testing your patience, Mr Deputy Speaker, but out of good manners I will give way to my hon. Friend.

Thomas Docherty: My right hon. Friend is being most generous, as are you, Mr Deputy Speaker. Is he aware of the sheer anger felt in Fife that after more than a year of SNP Ministers saying that they would save RAF Leuchars, they have betrayed the people of Fife with a cynical policy U-turn?

Mr Murphy: My hon. Friend has campaigned long and hard on RAF Leuchars, as has the right hon. and learned Member for North East Fife. It is remarkable that SNP Members have toured that part of Scotland promising to keep open three bases, but now describe the Government's policy as a blueprint for the defence of an independent Scotland.

The SNP has been around since 1934 and has been in power in the Scottish Government for five years, but SNP Ministers have not even done the most remedial of thinking. Scotland currently sits at the heart of one of the most successful union of nations anywhere on earth. The UK has a seat at the United Nations Security Council, an invaluable transatlantic bond and a vital role in the EU, NATO and the Commonwealth. A collection of people from four different countries serving in Her Majesty's armed forces have achieved great things together in the past and will, I am certain, do so in the future as well. The SNP wishes to turn the defence debate into a referendum about the location of Trident, as if moving it a few miles across the border would make Scotland inherently safer. SNP Members may be hiding today, but they cannot hide from the truth that their policies are incoherent and will take Scotland out of the RAF, the Royal Navy and the British Army, as well as having an irreversible impact on shipbuilding on the Clyde and Rosyth. Amid all the argument about the single question to be asked in the referendum, the debate must be about all of the answers that the SNP refuses to provide.

Where the Government are doing the right thing in the national interest, whether it is Afghanistan, Libya or defence reform, we will continue enthusiastically to support them. Therefore, today, I enthusiastically thank the Chair of the Select Committee and all its members for their forensic work in scrutinising the previous and the current Governments on their work on defence, and I thank the Backbench Business Committee for enabling today's debate.

3.20 pm

Mike Crockart (Edinburgh West) (LD): I welcome the opportunity to speak in today's debate. I should declare my interest as a Member for a constituency facing the loss of an historic headquarters, and a resident of a city facing the loss of an additional two barracks. I have been calling on the Ministry of Defence to rethink their proposals. I made the case for a future for Craigiehall to the Secretary of State for Scotland in November, and my contribution today restates that call.

The SNP may, now at least, be happy with the basing plans for Scotland, especially given their absence today, but I am not. The plan put forward is to replace Dreghorn, Redford and Craigiehall, the three historic Edinburgh bases, with a new purpose built super-barracks for a multi-role brigade at Kirknewton, a command headquarters to be incorporated into the new formation headquarters at Leuchars, and an expansion of Glencorse barracks near Penicuik.

The basis for the Ministry's proposal is financial—the sell-off of land for prime residential development to produce attractive capital receipts. A super-barracks will, I am told, be more cost-effective in the long term, saving taxpayers' money and boosting Treasury funds. It is an understandable and laudable aim, but I am extremely dubious about whether the plan has been properly prepared, or is capable of delivering the savings envisaged.

To date, I have asked almost 100 parliamentary questions to try to understand the financial reasoning behind the decision. Not one answer has given any details of likely costs or possible capital receipts from disposal of the Edinburgh estate. Instead, time and again I am told, "It's too early," or "Comprehensive planning is under way," or "The information is not held in the format requested." The Minister was

"not able to provide a cost estimate"—[*Official Report*, 5 September 2011; Vol. 532, c. 91W.]

for the building of the new barracks at Kirknewton. Running costs for the base seem equally unclear. He wrote:

"it is not possible to confirm budgetary requirements or allocations."—[*Official Report*, 9 September 2011; Vol. 532, c. 844W.]

How, then, is it possible to do a comparison with the costs of the undoubted modernisation work needed at Dreghorn and Redford? No audit seems to have been carried out to establish the modernisation costs.

The story is not much better on capital receipts. I asked the Ministry what value it had placed on Craigiehall. The answer indicates that no recent valuation of this or the other sites had been carried out. The proposed capital receipts were, I believe, based on valuations done in 2007, when the property boom was at its height. A further report was commissioned and carried out in March last year by GVA Grimleys, but despite tenacious attempts, there seems to be a great reticence to publish any detail from that.

If Craigiehall is to be used as a new business site, I have bad news. The industrial capacity in Newbridge and the, as yet unstarted, international hub development next to the airport are close locations that would be far more desirable. There are also development limitations cased by the listed building status of large parts of Craigiehall and also Redford barracks, which may make the sites difficult to sell. The depressive effect of all of those sites coming on to the market at the same time is likely to limit their value severely. The financial case is, as we say in Scotland, on a bit of a shooglie peg.

It is not just the financial case that is lacking in detail. On an array of important factors there is worrying ambiguity. The Minister cannot tell me what transport infrastructure is needed in and around Kirknewton to allow an Army base to function, but

"comprehensive planning work is now under way"—[*Official Report*, 18 October 2011; Vol. 533, c. 867W.]

The reply to questions about the effects on schools, housing and health services for Army personnel is always the same: "Comprehensive planning work is now under

way." In fact, that is the reply to almost all my questions about the proposal. Surely comprehensive planning work should have taken place before the decision to close three historic bases and commit to £600 million of new spend.

The Army, too, has its concerns. I have spoken at length with the commanding officer and understand that Glencorse barracks is near capacity. There are serious concerns about the feasibility of moving the Army to a super-barracks, and about the recommendations of the review in general. There is a desire for Leuchars to remain a back-up airfield for Typhoon operations in case of adverse weather conditions in the north of Scotland. The work needed to make the base at Lossiemouth operational, and dates for the completion of that work, are unclear.

There is also strong concern among the civilian population in areas of Edinburgh where Army families are currently based. A move away by the Army would put local shops and schools in jeopardy, as roll numbers would fall significantly. Local businesses would be affected and a tight-knit community would be destroyed. The MOD has indicated that the current service family accommodation in Edinburgh will be kept and used for personnel based at Kirknewton, but it is difficult to see how that will work in practice. I attended a road show about the proposals, at the invitation of the Army Families Federation. The families have been given very limited details about their proposed resettlement, and the uncertainty is understandably causing a great deal of stress.

Particularly worrying is the period between 2014, when Redford and Dreghorn will close, and 2017, when Kirknewton is likely to become operational. The units currently based in Redford and Dreghorn are light infantry and, as such, not the type that would form part of a multi-role brigade, so at some point they will be relocated and other units will need to move in, but it is not clear which base they would operate from.

As I have said, the proposal is also significant for my constituency. The closure of Craigiehall confirmed that, despite a 3,500 increase in Army numbers and a major restructuring exercise currently under way, Scotland will lose its command headquarters, although a welcome senior Army presence will be kept to provide representation and communication with the Scottish Government and others; a two-star officer, to be known as General Officer Scotland, will be based in Scotland with a small support team. Nevertheless, replacing the divisional headquarters with a single support command headquarters will reduce the opportunity for the Army to engage with high-level regional and local partners in Scotland.

The closure of Craigiehall HQ would also have a significant impact on post reductions, which would affect civilians currently employed. In Edinburgh West, 103 civilian roles would be lost in addition to 89 military posts, which would mean the loss of experienced and skilled staff at a time when two further HQs are planned to move into Scotland to Leuchars and Kirknewton. I believe that there are clear efficiency savings to be made in co-locating headquarters at Craigiehall. It would not only work at a command and cost level, but save the experience and skills of those already at Craigiehall.

I think that the current capacity review will reveal that many aspects of the present proposals are simply undeliverable, and that Craigiehall might be best placed for a multiple HQ base. If the case is financial, accurate and up-to-date figures are needed to demonstrate its cost-effectiveness. When accurate figures are available, and not before, a decision can be made on the future of the Army estate in Edinburgh, taking into account all the issues. I urge the Ministry to think again.

3.28 pm

Hugh Bayley (York Central) (Lab): Defence debates in this House are best when Members stick to national security, rather than party political knockabout. I respect the Secretary of State, who I think is a very capable Minister, and wish him well in his new post—but, like my right hon. Friend the Member for East Renfrewshire (Mr Murphy), I regret the party political tone of some of his remarks, and feel that I should briefly respond.

I have been a Member for almost 20 years, and during that time, under Conservative Governments the defence budget has been cut as a proportion of national income, and under Labour Governments it has increased. Under the Major Government, between 1991-92—when I entered the House—and 1997-98, the share of national income, or GDP, spent on defence fell from 4% to 2.5%; under the Blair-Brown Government it rose from 2.5% to 2.7%. In a parliamentary question to the Chief Secretary to the Treasury last week, following the second tranche of redundancies, I asked what proportion of national income is spent on defence, and was told that it is still 2.7%. But the Chief Secretary continued:

> "It is impossible to state exactly what percentage of GDP or gross national income will be spent in future years...However, I expect the percentage to remain above the 2% NATO target."—[*Official Report*, 25 January 2012; Vol. 539, c. 240W.]

In other words, it will fall, and fall quite significantly.

Dan Byles: On those figures, does the hon. Gentleman not accept, however, that the international situation was changeable? We had the end of the cold war and the widespread demand for a peace dividend during the period that he referred to under the Major Government. We then had 9/11 and the wars in Iraq and in Afghanistan during the period that he referred to as the "Blair-Brown" years, whereas we are now out of Iraq and will shortly pull out of Afghanistan. He cannot look at the issue in isolation.

Hugh Bayley: The hon. Gentleman makes some fair comments, but the Government have not established that the level of risk facing the country is declining, so they have not made the case in defence and security terms for the reduction in expenditure that they are making.

The United States, the UK, France, Greece and Albania are the only NATO members that spend at or above 2% of their GDP on defence; the other 23 of the 28 NATO allies spend less. The Libya campaign showed that current European spending on defence is not sufficient to conduct an effective military operation against a poorly armed regime distracted by a civilian uprising in a sparsely populated country with only 6 million inhabitants. Within weeks of the start of military operations, European countries were running out of precision-guided missiles and needed to turn to the United States to provide them. We also needed to turn to the United States to provide surveillance aircraft to identify targets and to provide air-to-air refuelling.

[Hugh Bayley]

All 28 NATO member states voted for the Libya campaign, but less than half participated in it and fewer than one third contributed to strike operations. In June 2011, in a speech in Brussels, the outgoing United States Defence Secretary, Robert Gates, said that

"many of those allies sitting on the sidelines do so not because they do not want to participate, but simply because they cannot. The military capabilities simply aren't there."

That led Mr Gates, just before he left office, to question the future of NATO, and in the same speech he said:

"If current trends in the decline of European defence capabilities are not halted and reversed, future US political leaders…may not consider the return on America's investment in NATO worth the cost."

Robert Gates is not a maverick. He served as Defence Secretary under the Bush presidency and under Obama, and in that speech he articulated views that are frequently expressed by members of the United States Congress and other US speakers at meetings of the NATO Parliament Assembly, which I attend along with the right hon. and learned Member for North East Fife (Sir Menzies Campbell), who leads our delegation. Indeed, a report adopted by the economics and security committee at our most recent meeting in October 2011 stated:

"If anything, Secretary Gates was being diplomatic. Europe's defence posture has grown woefully weak…It is time for Europe to get serious about this issue."

In November, in a speech to the Australian Parliament, President Obama declared that the United States was a Pacific power, and said that maintaining a military presence in the Asia-Pacific region was a top priority and would not be affected by United States defence cuts—a point that he re-emphasised earlier this month in a speech at the Pentagon about the US comprehensive defence review.

Those statements from our American allies make it clear to me that we in Europe need to do more than we are currently doing. Although we stay above the NATO target of 2% of GDP spending on defence, our defence cuts in the UK make it harder for us to persuade our European allies of the need for them to do their bit and get their spending up to that target.

In President Obama's speech at the Pentagon he said:

"the size and the structure of our military and defense budgets have to be driven by a strategy, not the other way around."

The UK Government need to operate on the same basis. I therefore believe that the defence cuts that the Government have announced should be contingent on the successful implementation, on a Europe-wide basis, of a strategy to increase defence expenditure and make better use of the resources that we already have by eliminating waste and duplication.

The UK-France defence and security co-operation treaty is a step in the right direction. It will allow the shared deployment of aircraft and aircraft carriers and air-to-air refuelling capabilities, and I am sure that as a result capabilities will be provided more cost-effectively than if we did such things alone. The nascent Nordic defence co-operation is another example. But we clearly need more shared assets in Europe. Why are we not buying strategic airlift on a joint basis with allies, as NATO did with the airborne warning and control system, or AWACS—although the UK, of course, did not join that initiative? Why do we not do the same with air-to-air refuelling?

Most of all, we need better co-operation in our defence industries. The armed forces in Europe have more service personnel than the United States, but we are way behind in terms of defence budgets, investment and capabilities.

Mrs Moon: One way to resolve the problem of sharing capacity would be to have an agreement with Luxembourg, a land-locked country that has no coastline but two maritime patrol aircraft. Perhaps we could agree to share its maritime patrol capability, as we have none.

Hugh Bayley: My hon. Friend has made her point well. I would like us not only to make bilateral agreements with other countries but, far more, to look strategically across Europe at how we should restructure our defence industries to eliminate duplication and produce what we need—common equipment on a common basis. We should acquire major capital items of equipment that will be shared in NATO operations on a common basis.

In the few seconds that I have left, I would like to say a word or two about the local implications of the defence cuts for my constituency and the rest of Yorkshire. The latest figure that I have for the number of regular military personnel based in Yorkshire and the Humber is 14,730; for North Yorkshire the figure is 13,310, and in my constituency of York it is 880. The figures date from 2009, before the general election. If between now and 2015 those figures reduced in proportion with the overall reduction in the numbers of our armed forces—that is, by 8.5% or 9%—one might expect force reductions of about 1,300 across our region, of whom 1,200 would be in North Yorkshire and 70, perhaps, in York itself.

On the day last week when the Under-Secretary of State for Defence, the right hon. Member for South Leicestershire (Mr Robathan), made his written ministerial statement about the second tranche of redundancies, I tabled a number of parliamentary questions asking for these regional numbers at the time of the general election, in December 2011, and in 2015. At business questions last week I asked whether the Leader of the House could make sure that I got answers before this debate. I received a letter from the Minister with responsibility for defence personnel, but it did not contain the figures. I hope that those figures will be provided to me as soon as possible.

3.39 pm

Mr Edward Leigh (Gainsborough) (Con): I believe that the world is a more dangerous place than it has ever been during my time in Parliament. I believe that it is a more dangerous place than it was during the cold war. That was a more stable situation. We have heard about the resurgent and more authoritarian Russia. China is increasingly muscling its way into various parts of the world. Iran will soon be a nuclear power. The Arab spring might throw up more problems than solutions.

As a maritime nation, the Royal Navy always has played and always will play an essential part in defending our freedoms. I do not believe that the Royal Navy is a leftover from the cold war or a replay of second world war convoy systems. It is an essential part of our

defence. I am extremely worried about what is happening to the Royal Navy. It will soon be the weakest it has been since the mid-19th century. In 1982, the Royal Navy was only just capable of retaking the Falklands. I have a list of the appalling casualties that we suffered and the number of our ships that were sunk. We just managed it.

Since 1997, our armed forces have been cut by 12% and 24,000 people have been made unemployed. Since 1975, the number of cruisers, destroyers and frigates has been cut by a staggering two thirds. The fleet of minesweepers, which, along with the Americans, will be vital in keeping oil flowing through the strait of Hormuz if Iran makes any moves there, has been cut from 40 vessels in 1975 to 15 today. Those are worrying figures.

We are constantly told that we need larger ships and that we do not need so many. I am not suggesting that we can make direct comparisons with the past or that we should look back to the Royal Navy of 1809, which had a fighting strength of 773 vessels. I remember standing on the deck of a vast American aircraft carrier when I was a member of the Defence Committee and the captain saying, "The ocean is a very large place and I can hide my aircraft carrier." However, we are faced with enormous problems of piracy and one cannot solve the problems of maritime protection by having just 19 major vessels in the Royal Navy.

Let us consider the threats that we face. I am not saying that they will necessarily come to anything, but they are there and they are real. Let us compare our strength with that of Argentina. We have seven destroyers and it has five. That is not an overwhelming predominance for the Royal Navy. We have a similar number of aircraft carriers, namely none.

Mr Jenkin: The importance of aircraft carriers, with their carrier-borne air defence for the fleet and carrier-borne strike capacity, is that one is able to operate away from the home nation. If we fought another Falklands war, it would be all too close to Argentina's home bases and thousands of miles from ours.

Mr Leigh: That is precisely the point that I was going to make next. If there were a war with Iran or Argentina, we would not be fighting it in the channel. In the case of Argentina, we would be fighting it thousands of miles from any shore-based defence systems. I therefore do not believe that the figures alone give an accurate basis from which we can draw comfort.

Dr Murrison: It is important to get this matter right in the context of the Falklands, given the activity in Buenos Aires. I accept entirely my hon. Friend's point about the number of platforms. However, does he accept that the capability of the Royal Navy and the Royal Air Force is immense compared with that of Argentina? In many respects, our potential ability to project force is much greater than it was in 1982 for that reason.

Mr Leigh: I accept some of what my hon. Friend says. However, I pray in aid the recent United Kingdom National Defence Association report, "Inconvenient Truths", which was written by former defence chiefs. It said:

> "Our assessment is that current force levels are inadequate to hold off even a small-size invasion".

Admiral Sir Sandy Woodward wrote in the *Daily Mail*:

> "The truth is we couldn't defend anything further than the other side of the Channel".

Air Commodore Andrew Lambert was quoted in *The Guardian* as saying that the

> "British public is not aware how thin the ice is...or how bad things could get"

and that the Falkland Islands are

> "ripe for the picking."

I am not saying that I want this to happen or that it will happen, but I am afraid that we in this House must occasionally sound warnings—that is our duty.

The Parliamentary Under-Secretary of State for Defence (Mr Gerald Howarth): My hon. Friend raises concerns that are widespread around the country, particularly in the light of the sabre-rattling by Argentina. However, all the advice that we have received says that the Argentines have neither the capability nor the intention to repeat the folly of 1982 and that the military deterrent we have in place is fully up to the task. I assure my hon. Friend and the House that, in this 30th anniversary year, all of us, as Ministers, are much seized of the matter.

Mr Leigh: I am grateful to the Minister. We pay tribute to him and to his colleagues in the Ministry of Defence for the sterling work that they do and the way in which they have defended the defence budget.

The Secretary of State said that part of our strategic defence is to have a balanced budget. We all understand that. However, he is using precisely the arguments that were used time and again in the 1930s when people warned of our military weakness and successive Chancellors of the Exchequer argued that we were well defended, rubbished the figures that were being given to them about our military weakness, and said that the most important thing was that the country had a balanced budget.

We do not blame our right hon. and hon. Friends the Ministers and the Department of State for this. We know that they are fighting their corner; the previous Secretary of State put up a tremendous fight. However, there must be some rebalancing. As my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot) said, we are now spending more on winter fuel allowance than on the entire Foreign Office budget. We must have a reordering of strategic defence capabilities, because there is nothing more important than defence. In 1980, the Army had 160,000 soldiers. That number is set to fall to 100,000, and the Government have announced that they want the total strength of the Army to go down to 84,000 by 2020. The Army will have been cut by 12% since 1997. Air Force personnel are being cut from 90,000 to 40,000. Those figures are deeply worrying.

The previous Government said that 25,000 soldiers, 8,000 sailors and 17,000 airmen were surplus to requirements precisely at the moment when we were fighting two major wars. Sir Richard Dannatt, the former head of the Army, has said that we are facing a situation whereby the Army is massively overstretched and many soldiers are having only one year between operations, with much of that time spent away from

[Mr Leigh]

home. We must appreciate that we live in an increasingly dangerous world. We must, as a House, be prepared to make tough and difficult decisions and be determined to reorder our priorities and say that our defence forces are essential for all our futures.

I was recently struck by a passage in Martin Gilbert's book, "Winston Churchill: The Wilderness Years", that quotes Churchill on the night that Eden resigned:

"From midnight to dawn, I lay on my bed, consumed by emotions of sorrow and fear. There seemed one strong young figure standing up against long, dismal, drawling tides of drift and surrender, of wrong measurements and feeble impulses. Now he was gone. I watched the daylight slowly creep in through the windows and saw before me in mental gaze the vision of Death."

3.49 pm

John Woodcock (Barrow and Furness) (Lab/Co-op): I am not quite sure how to follow that quotation, so I shall confine myself to saying how moving those remarks those were.

I have to confess that I had not intended to speak today, but Members will understand why, in the circumstances, I thought I should stress the importance that my party continues to attach to retaining and renewing the UK's independent nuclear deterrent.

I say at the outset that the nuclear deterrent should primarily and ultimately be a matter of national and global security, not of employment. If we could genuinely be confident that the UK unilaterally disarming would make the world safer for future generations of UK citizens, and would make the almost unimaginable horror and destruction of nuclear war less likely, that should of course come ahead even of the thousands of jobs that renewing the deterrent would support in my constituency and the many thousands more that it would support across the country in the supply chain. However, my simple point is that unilaterally disarming would do no such thing.

If we were to take the view that deciding now not to renew would make the UK safer, we would have to be able to make decisions about the world as we thought it would look in 30 or 40 years' time. We would also have to believe that the unilateral gesture would pave the way for a change in behaviour by other regimes. On the latter point, disarming would show a fundamental misunderstanding of the motivation of other regimes and groups that seek, or may in the future seek, nuclear capability. They do that to increase their capacity for aggression, not primarily because they fear the UK's independent deterrent. On the former point, the pace of change has been so great in the past decade that we simply cannot possibly say with confidence that a deterrent will not be needed decades hence.

Thomas Docherty: My hon. Friend is demonstrating that he is probably the most knowledgeable Member on the issue of the deterrent. *[Interruption.]* I can see that the hon. Member for New Forest East (Dr Lewis) will get me afterwards.

Has my hon. Friend made any assessment of the Liberal Democrats' current review of the deterrent and what the pitfalls might be?

John Woodcock: That is a very important point with which I shall deal at some length in a moment. Suffice it to say for the moment that it is not simply the Liberal Democrats' review; it is the Government's review. They have commissioned it. The Conservative Under-Secretary of State for Defence, the hon. Member for Mid Worcestershire (Peter Luff), looks like he is in two minds about it, but his own party's former Defence Secretary sanctioned and announced it. The right hon. Member for North Somerset (Dr Fox), was clearly not booted out because of that particular misdemeanour.

We have to ask whether it is right for the UK to maintain its independent deterrent. It strikes me as strange that it is often the very people who rail against the hegemony of the United States of America in world affairs who are prepared to sit quietly under its nuclear umbrella and suggest that the UK should not take responsibility for its own defence. I do not include my right hon. Friend the Member for Newcastle upon Tyne East (Mr Brown) in that comment. I am glad to see him back in his place for my speech—I think.

We should redouble our efforts to tackle the proliferation of nuclear weapons. I am proud that the previous Labour Government were explicit in setting the ultimate target of zero nuclear weapons—of a world free from the threat of nuclear weapons—but we should not accept the argument that renewal is an act of proliferation. It is not. In fact, non-renewal would be an act of unilateral disarmament. It is right that our party has left those days behind.

Given the magnitude of destruction that the use of nuclear weapons would inflict, nuclear weapons are rightly an uncomfortable issue for all hon. Members and the country, but they are a deterrent. Our holding of nuclear capability is designed to make a nuclear war less not more likely. So far, that has been successful.

Bob Stewart: To slightly corrupt the saying, if we wish to avoid war, we should prepare for it and have the means to stop it. I fully support what the hon. Gentleman says about deterrence.

John Woodcock: The hon. Gentleman is quite right—he put it far more succinctly than I did and I am grateful to him for doing so.

I want to stress in the concluding part of my speech that the current Administration are creating a level of risk around the deterrent. That should be a matter of concern to Members on both sides of the House. As an aside, I hope the Minister who winds up could address the matter that was raised this week—

Alison Seabeck (Plymouth, Moor View) (Lab): The Minister does not wind up.

John Woodcock: Oh, there are no wind-ups. Perhaps the Minister could find time to intervene in the short time remaining to make something clear. There are significant cuts to the MOD police. Do they mean that there are plans to reduce the MOD police presence at Faslane or Coulport? Would the Minister like to intervene?

The Parliamentary Under-Secretary of State for Defence (Peter Luff) *indicated dissent.*

John Woodcock: Okay. If he wants to write and make the position clear at a later stage, that is absolutely fine.

Peter Luff *indicated assent.*

John Woodcock: On the risk that has been created around renewal, the alternatives to Trident review, to which my right hon. Friend the Member for Newcastle upon Tyne East referred, will be led by the Minister for the Armed Forces—it is a shame he cannot be here for the debate. Essentially, the review uses Government resources actively to explore the idea of adapting Astute class submarines for nuclear capability that falls far short of being a deterrent. That could be a cause of increased proliferation and could increase the risk of confusion. If a cruise missile is launched from a submarine at a point of war and the aggressor nation does not know whether it is nuclear or conventionally tipped, the prospects of escalation and horrible consequences increase. The Government have put that in train and we await the review.

In conclusion, the delay in the proposed in-service date of the successor to the deterrent is—it must be stressed—driven not by national security or primarily industrial concerns, but by a political fudge to delay the vote until the next Parliament. That creates increased costs for taxpayers because the overall cost of renewing our deterrent will increase. In addition, it risks stretching the life of the current Vanguard class submarine to the limit of safe operation. Pressure on the delivery timetable of the successor has been increased by putting political deals above the national interest.

4 pm

Mr James Gray (North Wiltshire) (Con): If I may be forgiven, I shall not dwell on the welcome recommitment made by the hon. Member for Barrow and Furness (John Woodcock) to the independent nuclear deterrent, which my hon. Friend the Member for New Forest East (Dr Lewis) will have very much welcomed, if not the right hon. Member for Newcastle upon Tyne East (Mr Brown)—who, I am sure the hon. Gentleman will be pleased to hear, none the less looked perfectly benign during his speech. Rather, I would like to focus on more general topics.

I was very struck, and impressed, by the speech of my right hon. Friend the Secretary of State for Defence. He has been dealt an extraordinarily difficult hand, in the sense that he came into government, discovered a £38 billion black hole in the defence budget and was then required by our right hon. Friends the Prime Minister and the Chancellor of the Exchequer to make defence's contribution towards balancing the books. However, the purpose of today's debate is not to consider the great national issues of balancing the books and dealing with the deficit left to us by the previous Government. That is a matter for other times and other people, in a higher position than mine. Rather, our position in this debate ought to be that which was exemplified by my hon. Friend the Member for Gainsborough (Mr Leigh): to consider whether what we are currently doing is the right thing for the defence of the realm. If it is not, the Chancellor of the Exchequer, the Prime Minister and others at a higher pay grade than me will have to explain why they are doing the wrong thing for the defence of the realm. However, we in this debate should cast to one side economic constraints—I hope that I am not being naive or difficult in doing that—and instead focus on what we should be doing for the defence of the realm.

I had the good fortune of being asked to serve on our policy review group before the last election. I was the MP on the group, which was chaired by the noble Baroness Neville-Jones and produced this weighty document, "An Unquiet World: Submission to the Shadow Cabinet", on which our manifesto was subsequently based. She says on page 8:

> "Capability...needs to be reassessed. An incoming Conservative government should conduct a Defence Review not with the aim of inflicting further cuts, but of ensuring that our armed forces have been asked to do the right job, are properly equipped and trained and are employed on the right terms and conditions."

Elsewhere in the report she says:

> "Defence Reviews tend to strike dread into the hearts of those involved or affected,"

because of the likelihood of cuts, although this is

> "not a necessary outcome and not one this Policy Group would wish to see."

In other words, the policy group on which I served, and which informed the manifesto of my party, took the view that there should be a defence review, but that it should not necessarily involve defence cuts.

The reality, of course, is what we have seen since, which the Secretary of State laid out plainly in his speech. Indeed, it rather reminded me of a speech by a chairman of a multinational company explaining to shareholders that things were not all that great and that he would have to make some cuts to the company, but that he very much hoped that dividends would once again start to be paid in the years to come. It was an accountant's speech, rather than a defence speech. I do not blame him for that: that is his job. None the less, I have the great luxury of being a Back Bencher and being the chairman of the all-party group on the armed forces. I therefore feel it right to speak up for the armed forces, even if that were to upset those on my own Front Bench, which is not something that I would ever seek to do, as I know my hon. Friend the Minister would agree.

The first thing to say is that the only certainty in the defence world is uncertainty. We never know what is going to happen next. Who would have predicted the Falklands? Who would have predicted Saddam's invasion of Kuwait? Who would have predicted 9/11 or 7/7? Who would have thought that we would simultaneously be fighting two wars, as we were recently in Afghanistan and Iraq? Who would have predicted Libya, Kosovo, the Balkans or Sierra Leone? None of them was even remotely predictable—nor, of course, was the second world war or the first world war, which was sparked off by the assassination of the Archduke Franz Ferdinand in Sarajevo. Unpredictability is the absolutely highest certainty in defence.

Against that background of uncertainty, let us think about what we are facing today. Who knows what Iran will do? We could see further activity from the Iranians within weeks—there is a threat to block the straits of Hormuz. Israel is threatening pre-emptive—nuclear, potentially—action against them. The whole Palestinian question remains unanswered, and Syria is in turmoil. We have no idea what is going to happen in Egypt, despite the lifting of the state of emergency, and Pakistan is on the brink of collapse. We do not really know what

[Mr James Gray]

is going on in Libya; there is certainly a bit of a vacuum there. The situation in Afghanistan is uncertain, and Iraq is close to meltdown. We are living in an incredibly dangerous and uncertain world, and we should be preparing our defences for that uncertainty.

So what are we actually doing? The hon. Member for York Central (Hugh Bayley) was right to say that Labour Governments tend to spend more on defence than Conservative ones; that is historically accurate. I very much regret to say that my great party is announcing an Army that will be the smallest since the Crimean war. Some define an army as a body of 100,000 soldiers. It is therefore arguable, depending on how one uses the word, that in the near future, Great Britain will no longer have an army; it will have only a defence force. As a Back Bencher who does not labour under the great considerations of state, I am able to say to the House that that would be a disgraceful situation, given the uncertainty that we are facing. The Royal Air Force is being cut in half; the Navy is being emasculated. It is my view that this country no longer has the capability to do the things that we have always done.

Why should that be the case? I want to quote a previous Prime Minister, who shall remain nameless. He said to me, "I went to see the teachers, and they told me to get lost. I went to see the doctors and nurses, and they told me to get lost. Then I went to see the generals. They saluted, turned to the right and marched off, saying, 'Whatever you say, Prime Minister. I will happily carry that out.'" That is precisely what is happening now. Whatever task is put before our armed forces, they will find a way to do it—they are a can-do organisation—but should we be asking them to do it?

In the 15 years that I have been in this place, we have talked, in these dusty Thursday afternoon debates, about overstretch and about the fact that the armed forces were unable to carry out their duties. We blamed the Labour Government for all that, but I now find myself speaking from the Government Back Benches and making precisely the same arguments as those I have made over the past 15 years. I do not believe, given the cuts that we are now facing, that we will be able to carry out our moral duty to lead the world and to intervene for good around the world. We are hampering ourselves in that regard.

For that reason, I believe that defence spending and budgets should be separate from those of schools and hospitals and from other parts of the national budget. We have a moral duty to do certain things in the world, and we should not allow our economic situation to prevent us from doing them. I regret to have to say that I am at odds with my own party on this great subject. We should find a way to maintain our defence spending at a level at which we, as a nation, can punch above our weight.

4.7 pm

Thomas Docherty (Dunfermline and West Fife) (Lab): It is an absolute pleasure to take part in the debate, and I commend our Select Committee Chairman, the right hon. Member for North East Hampshire (Mr Arbuthnot), for his work on securing it. It is also an absolute pleasure to follow the hon. Member for North Wiltshire (Mr Gray). I found myself agreeing with pretty much everything that he said, although I would suggest that many people did see the second world war coming. That was his only example that perhaps fell down slightly.

What I find amazing about the Defence Committee's work is not only the bipartisanship under which it operates under the chairmanship of the right hon. Member for North East Hampshire but the breadth of knowledge of its members. We have seen that illustrated again today in the contributions from the right hon. Gentleman, from my hon. Friend the Member for Bridgend (Mrs Moon) and from others. We produced a report following our forensic investigation into the strategic defence and security review, and our conclusions were clear and damning. We concluded that the SDSR was a Treasury-driven budget settlement that would have dreadful consequences for the defence of the realm; it would be dreadful for the morale of service personnel, and for UK manufacturing.

The decision on carrier strike capability was rushed and bizarre. On the question of the air frame, it is perfectly reasonable for the Government to consider whether the F35-B was the correct choice in the context of Future Force 2020. After all, the United States had placed the B variant on probation, and there were technical concerns about the lift. My understanding is that, at that time, only the United Kingdom and the United States had signed up to take an order. It is also valid to argue that we should consider the question of interoperability with our allies, as well as the value for money of the air frame to be chosen. Those are all reasonable elements that a sensible Government should examine.

Unfortunately, the Government did not bother to take the time to understand the consequences of the decision to switch variants. For example, the F-35C cannot land on the French carrier, thus defeating the argument of interoperability, particularly given the Anglo-French alliance. The cost of the F-35—B and C—is still not known, and that is a concern shared by the Defence Committee and our counterparts in the United States Congress, the Pentagon, the Canadians, the Australians and every other country that is purchasing either the F-35B or C.

Lastly, many of us do not have confidence that, most crucially, the F-35C will be able to land on the Queen Elizabeth class carrier. It would be a good idea if it were able to come down safely to our own carrier, although perhaps I am a bit of a traditionalist.

Mrs Moon: Is the hon. Gentleman aware that Admiral Sir Trevor Soar, Commander-in-Chief, Fleet, said in a speech to industrialists in the US that, due to the US defence cuts, the chance of us being able to buy the joint strike fighter are reducing, as it will not be delivered on time? As alternatives, we will have to look at the F-18 from the Americans and the Rafale from the French.

Thomas Docherty: My hon. Friend is right. *The Times* paints a disturbing picture today. We on the Defence Committee and the wider defence community have for some time had serious concerns about the capability of Lockheed Martin to fulfil the aspirations set out. When the Minister appeared before the Defence Committee, it was disturbing that he adopted a relatively blasé approach to the problem, in direct contradiction to the postures

of Secretary Gates, who has already been name-checked, and Secretary Panetta, who have been turning the screws on Lockheed Martin. As the decision has been rushed, we might have to go back and reverse it, and go to the F-35B, which would be not only embarrassing but a vast waste of money. We have only two other options: as my hon. Friend says, the F-18 Super Hornet, a proven air frame, of which the Australians have just ordered additional quantities, and for which Secretary Panetta has announced an additional order, or the French variant, which, to be fair, would at least solve the Charles de Gaulle issue.

On the carriers themselves, it is no secret that I have absolute scorn for the decision that was taken to take the Invincible class out of service. In fact, despite the claim of a minority on the Government Benches that the Libyan operation justifies the decision, the reverse is true, as it demonstrates absolutely the need for carrier capability throughout the decade.

Mr Gerald Howarth *indicated dissent.*

Thomas Docherty: The Minister shakes his head. Perhaps it would help him if I were to quote the commander of the Italian navy, Rear Admiral Treu, who said:

"Libya is really showing that these aircraft"

the Harrier—

"and their carrier are needed. They are five minutes from the operational zone, which reduces fuel consumption and wear and tear. With less reliance on in-flight refuelling, it is easier to do dynamic tasking and shift operation, and they cost less to operate than Tornados and Eurofighters".

I have the greatest respect for the Minister and I know he cares passionately about the future of aviation. He has been a strong voice in the Government—dare I say, one of the few strong voices for the defence industry in the Government—but what does he know that our First Sea Lord, our commanders in the field and our allies do not?

Mr Gerald Howarth: I am most grateful to the hon. Gentleman for his kind tribute, although I am not sure whether it will be career enhancing. Nevertheless I will take it in the spirit in which it was given. Of course carriers would have been advantageous, but they were not necessary in the circumstances of Libya. The Government are going ahead with the Queen Elizabeth and Prince of Wales carriers precisely because we understand the need for carrier strike. We had endless debates about that in the SDSR and we came to that conclusion, which is the right one in my view. In Libya, however, we did not need carriers; HMS Ocean did a great job for the Army Air Corps Apaches.

Thomas Docherty: I am most grateful to the Minister. He is obviously very clever, because he has led me straight on to my next point, which is about the replacement for the Invincible class, the Queen Elizabeth class aircraft carrier. He perhaps forgot to mention that, even some time after 2020, when we eventually get a functioning aircraft carrier, it will only be part-time. We will only be able to operate it for perhaps 150 days of the year, so we must be really hopeful that those who seek to attack us only do it on the five or six months a year when we are able to respond. It reminds me of Asterix the Gaul and the scene where he comes to Britain and the British have gone home at 5 o'clock to have their tea. That is pretty much the kind of part-time Navy that we will have if the Minister gets his way.

Mr Ellwood: I was hoping to resist the temptation to intervene, but I want to back up my hon. Friend the Minister and put in perspective the hon. Gentleman's argument. He is trying to get into the tactics of how a battle is operated. What does he want to fly off these aircraft carriers? I am afraid his Government got rid of the Sea Harriers, so he would not be able to use the Storm Shadow, the Brimstone or any of the guns, because the Harriers did not exist—*[Interruption.]*

Thomas Docherty: I am going to continue with my speech, because it is my time that I am sacrificing. The hon. Gentleman tries to make it a false choice, as he always does, but he was at the heart of the decision making. Let us not forget that he was the Parliamentary Private Secretary to the former Secretary of State. It was his bright idea, I suspect, to get rid of the carrier, because the other Ministers are all far too clever to do that.

The choice between Typhoon, Tornado and Harrier is a false one. I have never accepted and the Defence Committee has never accepted the false choice made by the current Government, following the Treasury-driven cuts. We will see price gouging and there will be a significant rise in the cost of the Queen Elizabeth class carrier, not because of the Aircraft Carrier Alliance—I have some fantastic workers in my constituency, whom the Ministers and others have been to see, and they are delivering in Plymouth, in the north-east, on the Clyde and over at Birkenhead—but because of the rushed decision. We will have to buy cats and traps off-the-shelf from the Americans at a price-gouged cost of up to £2 billion because due diligence was not done on whether it would work. The prices are going up because of the short-term decisions. We have no idea how we will refuel the aircraft because of the decision to switch from the short take off, vertical landing—or STOVL—variant to carriers and that will also involve significant costs.

In the last minute of my time, I want briefly to talk about Scotland. The Scottish National party is not here today because its Members have gone into hiding. The SNP defence policy unravelled last week within hours of its being unveiled. Sheer anger was felt by communities around Scotland at the betrayal by that party, which, after years of claiming that Scotland did not receive what it called its fair share of spending, has admitted that it would spend even less on defence. After campaigning, as the SNP claimed, to save RAF Leuchars, it has announced that it would close RAF Leuchars and RAF Kinloss. In a separate Scotland, there would be no Rosyth dockyard and no Clyde shipbuilding. Companies would be pulling out of Scotland. There are also serious concerns for the rest of the United Kingdom. How would we deliver the deterrent? How would we secure the high north? How would the military be put together?

I hope that one of the Committees of the House will find an opportunity in the months ahead to scrutinise those very important issues.

4.18 pm

Dr Andrew Murrison (South West Wiltshire) (Con): I declare my interest as a member of the reserve forces.

I congratulate the Backbench Business Committee on introducing this important debate and my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot) and his Committee on their timely report, published this week. I read it with great interest and if I have any criticism of it I would have to start with the fact that it perhaps does not sufficiently recognise two rigorous and well-regarded studies, the Levene report and Bernard Gray's report, which set the scene for many of the points that it raises. In May 2010, of course, the coalition Government inherited the extremely difficult task of bringing some order to a chaotic defence budget.

The Gray report was leaked to the electorate before the general election, so voters such as those in my constituency, which has a large defence interest, had the benefit of seeing it, as did I. The previous Government might well have tried to delay the publication of the report because the word "grotesque" reflected some of the real horrors in Defence Equipment and Support that were unearthed in the dying days of Labour's 13-year stewardship. Bernard Gray told us that the MOD was running a "substantially overheated equipment programme" and that the sclerotic Department was hampering our ability to conduct difficult current operations. He went on to say:

> "The problems, and the sums of money involved, have almost lost their power to shock, so endemic is the issue."

Mr Kevan Jones (North Durham) (Lab): But do I not remember the hon. Gentleman arguing from the Front Bench for more ships, larger armies and more aircraft?

Dr Murrison: The hon. Gentleman will also remember that Bernard Gray was a special adviser to his party. In that context it is quite important to note that the report was produced by a supporter not of the Conservative party but of his party.

The gap between the programme and the budget in May 2010 was a truly grotesque £38 billion. Also grotesque is the disarray over how to deal with the crisis among those who masterminded it. We heard examples of that today from the shadow Defence Secretary. He says he supports only £5 billion of Government cuts, but the shadow Chancellor says that the Labour party would keep all the remedial spending reductions that the Government are making. The figure of £5 billion is interesting because the shadow Defence Secretary also said today that it would be invidious in advance of a general election to try to work out what the requirement would be in personnel and equipment. It is therefore difficult to work out how he came up with the £5 billion figure, even assuming it is correct. The isolation of the Opposition is increasingly apparent as even the United States reins in its defence spending to deal not with an incoherent defence budget but with a crippling federal budget deficit.

Thomas Docherty: I think I am right in saying that the US is still increasing its defence spending, not cutting it. Is that correct?

Dr Murrison: No, I do not think it is correct. America has made it clear that over the spending period it will have to reduce its defence spending.

Thomas Docherty: Slowly.

Dr Murrison: Well, the rate will decline—of course it will.

We gained some insight into how the disconnect between programmes and the ability to pay for them arose last summer when Lord Levene delivered his verdict on the MOD. His revelations dovetailed disquietingly well with Gray's. He found a "bloated top-level defence board" supervising a

> "department with overly bureaucratic management structures, dominated by committees leading to indecisiveness and a lack of responsibility."

Last year, the armed forces covenant was written into law for the first time, as the Prime Minister said it would be. The covenant is not just about the compact between troops and the public. It also concerns the deal between troops and the high command. Those in charge betray the covenant if they allow the kind of shoddy, top-level management evidenced by both Gray and Levene. However, we still have nearly 500 one-star officers and above—a whole battalion of senior officers on packages well in excess of £100,000. Defence Medical Services is a good case in point. To oversee the care of a patient population less than half the size of Wiltshire we require one three-star, five two-star and 15 one-star officers who serve not as doctors, dentists or nurses but as administrators. Our top medic in Afghanistan is not among them—he is just a colonel. I commend the Government for the remedial measures announced before Christmas to reduce the number of starred appointments, both uniformed and civilian.

More generally, I note that although there here have been and will continue to be compulsory redundancies, the package is so reasonable that there has been disappointment among many of those not selected, as there was during previous rounds. From experience, I bear testament to that.

It is of course reasonable to flex personnel from one trade to another—a contention, I think, of paragraphs 67 to 70 of this week's Defence Committee report—but the majority of pinch-point trades are so specific by rank or extent of retraining necessary that it would actually be quite difficult to do so. Flexible though our young people are, we simply cannot ask an infantryman to become an Intelligence Corps linguist, a pharmacist at the rank of captain or a Cat. A nuclear watchkeeper.

In our collective defence, NATO remains paramount. However, I share widespread concern that we are moving towards a two-tier alliance, with some players benefiting from the cover but not paying the premium. At next week's meeting of Defence Ministers in Brussels, will the Defence Secretary continue to press our allies to meet their proper financial responsibilities? Present at the meeting will be those who press for an increasing EU defence identity as part of the security and defence policy. Naturally, that has nothing to do with defence, which only the UK and France come close to funding properly.

The latest turn of the screw comes from a European Parliament resolution of 19 February 2009, which proposes something called synchronised armed forces Europe.

SAFE is a beguiling but deeply ironic acronym. Under SAFE, alarmingly, British servicemen would owe allegiance to the supranational European Union. One of its cheerleaders, the German Foreign Minister, Guido Westerwelle, told the Munich security conference in February 2010:

"The long-term goal is the establishment of a European army under full parliamentary control."

Of course, that has nothing to do with improving our collective security; instead, it draws from a hubristic, maladroit pan-European political project that has brought us to the brink of economic catastrophe. The immediate concern about SAFE is that it would quite deliberately remove the capability of the two European nation states still able to act independently to project force worldwide on their own, or with partners of their choosing, in pursuit of the national interest.

Jeremy Lefroy (Stafford) (Con): Does my hon. Friend agree that it is somewhat ironic that those calling for a European army and united European defence are the very people who refuse to pay up for it in their own country?

Dr Murrison: My hon. Friend is absolutely correct. It may not be by chance that the Germans are chief among those who wish to shelter under a European defence force, because Germany, of all our allies and friends, is the country one can most easily identify as a major economy that does not pay its way in terms of our collective security, which it so obviously enjoys. When the Minister is in Brussels, I very much hope that he will do everything he can to put pressure on the Germans in particular to make a fuller contribution to our collective defence; but it has to be through NATO, not through the European Union. The lesson of the past few years and the difficulty with the European Union in respect of our economic position—the greatest existential threat the UK faces at the moment—is that we cannot rely on Europe for our security. Our cornerstone has always been NATO and it will continue to be.

Mr Gerald Howarth: I assure my hon. Friend that whenever I represent Her Majesty's Government in Brussels I clearly make the point that NATO is a cornerstone of our defence and that other nations should jolly well divvy up in their own defence.

Dr Murrison: I thank the Minister. Recent activity in the south Atlantic has shown us that the threat from a Government playing to a national gallery has to be addressed.

Mr Deputy Speaker (Mr Nigel Evans): Order. The hon. Gentleman's time is up.

Lyn Brown (West Ham) (Lab): On a point of order, Mr Deputy Speaker. I have informed the office of the hon. Member for Harrow East (Bob Blackman) that I intend to raise this point of order. This morning at business questions, the hon. Gentleman told the House that Ken Livingstone intends to overturn the ban on drinking alcohol on public transport in London. That is simply untrue; Ken Livingstone will not overturn the ban on drinking alcohol on public transport. I wonder, Mr Deputy Speaker, whether you have had any indication whatsoever that the hon. Member for Harrow East intends to come to the Chamber to correct the record.

Mr Deputy Speaker (Mr Nigel Evans): I thank the hon. Lady for notice of her point of order, and for contacting the Member's office. Right hon. and hon. Members are responsible for their own comments but should make every effort to ensure that they are accurate, and I am absolutely certain that the attentive Whip on the Treasury Bench will bring the point of order to the Member's attention.

4.30 pm

Rory Stewart (Penrith and The Border) (Con): The greatest damage to our nation over the past 10 years has not been done by the enemy: it has been done by ourselves. And it has not been done, contrary to what we often believe, by what we have not done. It is not the result of the money we failed to raise, the equipment we failed to purchase or the actions we failed to take. The damage that we have inflicted on ourselves comes from our decisions to get involved in theatres such as Iraq, and Helmand in Afghanistan.

The gap, the fundamental problem, with the SDSR—it was true of John Nott's review in 1982 and Lord Robertson's review in 1998 and it is true of our review today—is a gap of strategy. It is a gap of thought. We are spending over £30 billion a year on a military without developing the policy and strategic capability to decide where we are prepared to be involved, and what, fundamentally, our national interests should be. Our national interest is dependent, above all, on two things: an understanding of what our priorities are and how to match our resources to those priorities, and an understanding of our limits—what we cannot do.

What is striking about Lord Robertson's report is that there he is, in 1998, making confident statements about Britain's future and the risks it faces—confident statements about weapons of mass destruction and terrorism—but the proof of the pudding was in the eating. We then launched ourselves into Iraq and Helmand, and in doing so took on issues that did not match our national interest.

What is the solution to that problem? The solution, first, is to understand that our model of policy making is at fault. The military, rightly, have a very traditional view of policy making. They imagine that politicians define the national interest, the Foreign Office creates the policy framework and the generals advise and then implement the policy—perhaps giving operational advice on how to implement that strategy. The reality is, of course, quite different. The world has changed. We need to recognise that; the military need to recognise that; the SDSR needs recognise that. The reality is that although in constitutional theory it is the politicians who make the decision and the Foreign Office that provides the policy framework, in practice the strength, the authority and the charisma of the senior military is higher today than it has been at any time in British or American history.

To see that, one needs to look only at the experience of President Obama dealing with General McChrystal in 2009. What, in effect, happened is that McChrystal issued a report in 2009, saying he needs 40,000 more troops. The President of the United States attempted to respond. He went into a nine-week consultation process, at the end of which, entirely predictably, he could do only exactly what his General requested, but a little bit

[Rory Stewart]

less—give him 35,000 instead of 40,000. Yet the assessment was disastrous. In the small print, General McChrystal says, "I need 40,000 troops but my strategy will never work unless the Afghan Government sort their act out. And by the way, I, General McChrystal, am not responsible for sorting out the Afghan Government; that will be done by somebody else. It will be done by the State Department. It will be done by USAID." Yet nobody appears to be able in the system to challenge him. Why not? Although theoretically the politicians have the decisive ability and the policy is owned by someone else, nobody is going to face down a man with a row of medals on his chest who has served six years on the ground in Iraq and Afghanistan and who says, "This is what I need." No Democrat President and, I would suggest, no politician in Britain today would have the authority and confidence to disagree with such a man.

What is the solution to that problem? It is that we spend more money and invest far more in a policy capacity whose primary function is to keep us out of wars—to make it more difficult for us to engage in disastrous and costly adventures of the sort we have seen in the past decade. That means, above all, investing in the Foreign Office, which needs to remember that its function is fundamentally policy and politics. It is about understanding exactly what is happening in a particular country, so that if a Prime Minister were to suggest, for example, that he wished to invade Iraq, we would not have the situation we had last time in which not a single senior serving diplomat in the Foreign Office in London disagreed in any way with the Prime Minister's statement. That happened because we did not know anything; we had not invested in knowing anything. We did not have diplomats on the ground and our intelligence assets were very limited.

The military imagine, quite rightly, that they exist in a context in which other people will disagree with them. They feel embattled and that they have to challenge civilians—that they have to thump the table and demand things. They assume that somehow Prime Ministers or diplomats will push back against them, but that push-back does not happen. We could help not only by having more political focus and more diplomats and embassies focused precisely on these issues, but by insisting that every batch of young diplomats has at least one or two members of the foreign service who are posted to the military for one or two years at the beginning of their careers, not posted to staff college at the age of 40. They should be sent on the equivalent of a gap-year commission or national service, so that we begin to redevelop what we had instinctively in the 1950s, '60s and '70s, which is civilians who understand both the strengths and the weaknesses of the military.

The military in the meantime need to understand that that context does not yet exist and that they cannot expect the Foreign Office to have the confidence or the resources to push back against them. General McChrystal, to return to the less controversial ground of the United States, should be producing reports saying not, "I need 40,000 troops to win," but, "Unless somebody sorts out the Afghan Government, and I see no evidence that anybody's going to do that, there's no point giving me 40,000 troops because I'm not going to be able to win." In other words, in the absence of a real civilian check, the military are going to have to provide that check themselves.

Why is that relevant to the strategic defence review? Without that form of analysis and intelligence and policy work, we will not have a definition of our national interest. Without a definition of our national interest, we cannot have a strategy. Without a strategy, there is no point having a strategic defence review.

4.38 pm

Jeremy Lefroy (Stafford) (Con): It is a great pleasure to follow my hon. Friend the Member for Penrith and The Border (Rory Stewart), to whom I listened with great interest because he has such vast experience in these matters.

Before I had the honour to be elected to this House, I was involved with others in setting up a business in Sierra Leone. We were able to do that only because the British Army had been involved in bringing stability and peace to that country, and I give credit to those in the previous Government who made the decision to get involved, and to all those who took part in the operation. It is clear that the conditions prevailing in Sierra Leone today were made possible only by British action.

In setting up a business in that country, it was great to be able to offer jobs to former child soldiers, who could then, instead of terrorising their neighbourhoods, earn a living. Is not one of the great benefits that the British armed forces are able to bring, as a result of the intervention in Sierra Leone, that experience of training that enables a country to live at peace, and enables people who were involved in murder to start to earn a living and look after their families?

I want to concentrate my remarks on the connection of our armed forces with their local communities—with the towns, cities and counties in which they are based. Despite the major changes that the SDSR has brought about, and will continue to bring about, these connections must be maintained and strengthened. Never was that brought home to me more clearly than in two recent homecoming parades through my town of Stafford by the Queen's Royal Lancers and the 3rd Mercians, the Staffords, on their return from their tours of Afghanistan in the last 12 months or so. Both those regiments have strong connections with Staffordshire, and many people from the county and the city of Stoke-on-Trent serve in them. They paraded through many other towns in the area—I see my hon. Friend the Member for Lichfield (Michael Fabricant) nodding in agreement. The people of Stafford turned out in great numbers for those parades, and showed just how much they respect the service and sacrifice of the men and women of our armed forces.

There are many ways to strengthen the bonds with communities, and I want to touch on just three. The first is to integrate local bases more into the community—while respecting, of course, security considerations. In Stafford, we are fortunate to be the home of 22 Signal Regiment and part of the tactical supply wing of the Royal Air Force, and we eagerly anticipate the coming of two more signal regiments from Germany from 2015. The people of Stafford recognise the great benefits that that will bring to our town: first, the coming of more servicemen and women and their families, who will receive a very warm welcome; secondly, the expansion

of schools to meet the needs of their children; and thirdly, the prospect that those skilled men and women will wish to stay in the area when they retire from the armed forces and contribute to our emerging ICT industry and others. There are other opportunities for joint working too: shared sports facilities, advanced skills training, housing and health. We must never forget that the prime duty of our armed forces is the security of the United Kingdom, but no small part of the stability of the UK is the fact that our armed forces are seen as part of the communities that they serve.

Secondly, there is the role of our reserve forces, and I pay tribute to the number of right hon. and hon. Members of this House who serve, many of whom are here today. I also pay tribute to the work of my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot) and his team for the vital work that they have done in the Future Reserves 2020 study. He deserves great credit for that.

The increase in the proportion of our reserve strength to 30% of the total is a significant change, but as the review recognises, it will simply not be possible without both modernisation and funding. That is why I welcome the Government's commitment to better integration with the regular force and increased funding, which I had understood was £1.5 billion, but I was delighted to hear the Secretary of State mention a figure of £1.8 billion in his speech.

Dr Murrison: Does my hon. Friend agree that not only are our reserve forces head to head cheaper than members of the regular armed forces, which is important in the current environment, but that other countries have far more reserves as a proportion of their total defence capacity?

Jeremy Lefroy: My hon. Friend is absolutely right, as always. I believe that in the United States it is at least 30%, if not 35%, yet here it is less than 20%, so we are well under the average, even compared with fine armed forces such as those of our NATO allies in the United States and elsewhere.

As the review points out, however, we must use the specialist skills that our reserve forces have. In the proposed rationalisation of the defence estate, we must ensure that we do not lose the close connection between the reserves and the communities from which they come. The Government's response to the review points out that connection as one of the benefits of increasing the size of the reserves. One way to do that is for the Ministry of Defence to work closely with local councils and councillors throughout the changes that are being made, so that they are kept fully informed.

Finally, I wish to say a few words about the cadets. I have been fortunate enough since my election to spend some time with the Army and RAF cadets in my constituency and my county. Last month I joined the hon. Member for Stoke-on-Trent South (Robert Flello) at the winter camp of the Staffordshire and West Midlands North Army Cadet Force at Swynnerton in the constituency of my hon. Friend the Member for Stone (Mr Cash). What impressed me most was the commitment of the 500 or so adult volunteers, the full-time staff and the young people. It was a bitterly cold and icy weekend, but the full programme went ahead when other organisations might well have cancelled. When I spoke with the young people from Wolverhampton, Walsall, Stoke-on-Trent, Cannock—as I am sure the Minister knows—and Stafford, they said that the ACF gave them purpose and opportunities that they would not otherwise have considered or had the chance to take up.

We must never underestimate the value of the cadets. Last year they jointly celebrated their 150th anniversary, and their popularity is as great as it has ever been, with some 130,000 cadets in 3,200 units across the UK—no doubt in every constituency—and 25,000 adult volunteers giving up many hours of precious free time each week to help young people develop skills and make the most of their lives. I ask my right hon. Friend the Secretary of State to do everything possible to support the cadet forces. Their work is very much part of the big society, and shares the values of the national citizenship service by bringing together young people from all walks of life and all backgrounds.

Whether it is through the regular forces or the reserves, the bonds between our armed forces and the communities from which they come or in which they are based must not be underestimated. These bonds, along with the courage and commitment of our armed forces, are the cornerstones of the respect in which they are held. Our cadet forces have a different but equally valuable role: offering our young people opportunities to learn and work together that they would not otherwise have.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. I am reducing the time limit on speeches to seven minutes.

4.46 pm

Dr Julian Lewis (New Forest East) (Con): I, too, congratulate my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot) on initiating the debate, and the Backbench Business Committee on choosing it as today's topic. I was particularly pleased that my right hon. Friend started the debate by emphasising the unpredictability of future conflicts, a point re-emphasised in the strongest possible terms by my hon. Friend the Member for North Wiltshire (Mr Gray). Having listened to the Secretary of State for Defence today, I believe that what he is trying to do is create a balanced budget without sacrificing the aim of having the balanced forces that we need. That is a necessary approach, and we should resist the temptation to say that we ought to sacrifice particular capabilities forever, simply because we cannot conceive at this moment of going to war, or entering some lesser conflict, unless we are in coalition with allies.

I was impressed by some of the remarks made by the hon. Member for Bridgend (Mrs Moon), who pointed out the gaps in capability resulting from the cancellation of the Nimrod MRA4. In a later intervention she referred to the problems relating to the loss of fixed-wing aircraft carrier aircraft capability. If we acknowledge the certainty that we will be unable to predict the vast majority of cases in which we shall need to send our armed forces to war, and couple that with a restricted budget, which means that we will often have to choose either what is commonly and derogatorily called salami-slicing, or abandoning certain capabilities permanently, I believe that the salami-slicing approach, unpleasant though it is, is broadly the correct one—because we do

[Dr Julian Lewis]

not know when, where, against whom or how we will have to go to war. We cannot predict which of the vast range of military capabilities that we currently have we will need to use. Therefore, in straitened economic circumstances when we cannot afford to spend as much on defence as we would like to, and as indeed we feel in our hearts we ought to, we must nevertheless preserve what are called "nucleus" forces, which give us the potential when the need arises to expand on the capabilities that we have retained, even though at any given time those capabilities have seemed to be inadequate.

In that connection, if Ministers are working within an economic envelope—that is not the best terminology to use, but it has been used today so I shall continue with it—in times of peace, we can all understand that, but, whenever we end up in a serious armed conflict, those economic considerations are always relegated to second place, and Ministers simply have to put aside considerations of affordability in favour of the absolute necessity of taking the measures which that conflict situation requires them to take.

It is now just over 30 years since my hon. Friend the Member for Gainsborough (Mr Leigh), a gentleman called Councillor Tony Kerpel, a former chief of staff to a former chairman of the Conservative party, and I set up a coalition. It was not quite the sort of coalition that we have today, which, as hon. Members may know, is so close to my heart; it was the Coalition for Peace Through Security, and its purpose was to fight for the changeover from Polaris to the first generation of Trident and for the deployment of cruise missiles in Britain so that eventually we would be able to negotiate a deal, which we did in 1987, to get rid of intermediate nuclear forces on both sides of the iron curtain in Europe.

I am therefore very happy to reassure the hon. Member for Dunfermline and West Fife (Thomas Docherty), in his absence, that I do not feel at all proprietorial about the arguments in favour of the nuclear deterrent. I am absolutely delighted when people such as the hon. Member for Barrow and Furness (John Woodcock), who I know had not intended to speak today, rise to their feet and defend it with such vigour.

I was pleased, but I shall look very closely at *Hansard* tomorrow to see exactly what the shadow Secretary of State said when I asked him to clarify and confirm his party's commitment to the renewal of Trident, and in particular to the successor generation of submarines. I invite my hon. Friend the Minister, given that the Secretary of State did not refer to it, to clarify our own position on that very subject.

Mr Gerald Howarth: Prompted by my hon. Friend, I am delighted to say, as he will know, that in the SDSR and in our Trident value-for-money review the Government committed to renewing the independent nuclear deterrent: submarine-based, continuously at sea, patrolling. That programme is being taken forward. Initial gate was in May last year, and I assure him that all the work is continuing and in progress. If I may, I also take this opportunity to salute my hon. Friend, my hon. Friend the Member for Gainsborough (Mr Leigh), and Tony Kerpel on the then coalition, because I supported it at the time and am delighted to be in government supporting it now.

Dr Lewis: I thank the Minister for those very generous comments, but we are very short of time, so I am now going to truncate my remarks.

I shall say just a brief word about the masterly exposition by my hon. Friend the Member for Penrith and The Border (Rory Stewart). He always grips the House with his expositions, but the trouble is that I do not always find that I can fully endorse their contents, even though I am fascinated by the elegance and fluency with which he advances them. I share his view, and always have, that the micro-management of the country of Afghanistan is a mistake on the part of the NATO powers—but, whatever happens in America, I find it a little difficult to recognise the idea of generals in this country being somewhat out of control, and pursuing a military agenda with the Foreign Office trailing in their wake. My only point, which I will be happy to discuss with my hon. Friend afterwards, is that when the archives about the decision to go into Helmand are opened, we will probably find that that decision was ultimately taken—and, I suspect, mainly driven—by politicians rather than by generals or diplomats. I may be wrong; history will have to decide.

4.55 pm

Christopher Pincher (Tamworth) (Con): It is always a great pleasure to follow my coalitionist hon. Friend the Member for New Forest East (Dr Lewis). I congratulate my right hon. Friend the Chairman of the Select Committee on organising the debate. I also congratulate the Secretary of State, not only on taking his place today but on making a speech last December at the Royal United Services Institute about the importance of sustained armed forces. That was very powerful.

Rather counter-intuitively, I also congratulate the shadow Secretary of State on his rather temperate speech. Although he is not here, I advise him in all candour not to be too kind and friendly to the Government, because hungry hounds are snapping at his heels. As he admitted himself, it is unwise to incur the wrath of the shadow Chancellor.

I want to focus on one particular aspect of the strategic defence and security review. We have heard from colleagues across the House about the importance of the continuous at sea nuclear deterrent. We have also had a tour d'horizon of the 1930s, the foreign service and boots on the ground in Afghanistan. I hope that when Ministers go back to the MOD they will also reflect on the importance within the SDSR of energy security.

The SDSR and our energy supply are intimately connected. A decade ago Britain was self-sufficient in energy; in just eight, nine or 10 years' time, 80% of our energy will be imported. The same thing is happening around the world. China, Malaysia and India have a massive appetite for energy. China consumes 12% of the world's energy—a 25% increase in the past 10 years.

That means that scarce resources, which we tend to find in the most unstable and unreliable regions and regimes in the world, are becoming scarcer. Petro powers such as Russia recognise that; they are prepared to use their energy resources as the provisional wing of their diplomatic and military capability. Russia had an argument with the Ukraine a year or two ago, so Russia reduced the energy supply to that country. That meant that the

energy supply to parts of Europe was reduced by a third. That situation has a significant impact on our strategic partners in Europe, and we should make sure that such considerations are factored into our SDSR.

Terrorists also recognise the importance of energy. Look at the strait of Hormuz: every day—today, tomorrow and for the rest of this year—14 supertankers carrying 17 million barrels of oil, which is 20% of the world's daily supply and 35% of the ongoing seagoing supply, go through the strait. That is a massive tempting target for terrorists. I hope that the MOD recognises the importance of protecting those transport routes and diversifying oil supply so that those tempting targets do not dislocate the energy supply of the world. The fuel that goes through the strait of Hormuz goes largely to the east, to India and China—countries that are absolutely essential to the restitution of the economy of the world. It is important that that particular part of the world, and other choke points, are properly defended. That should be factored into our SDSR.

Lastly, let us think about refining capacity. As the hon. Member for Ynys Môn (Albert Owen) said during Energy questions today, outside Saudi Arabia there is precious little extra refining capacity. That presents another tempting target for terrorists. Osama bin Laden said that refineries represent the hinges on which the economy of the world hangs. I trust that the Minister will reflect on that and make sure that in our SDSR the protection of refineries and the development of extra refining capacity are on our agenda.

Yesterday, at the Select Committee on Energy and Climate Change, the Minister of State, Department of Energy and Climate Change, my hon. Friend the Member for Wealden (Charles Hendry) said something that struck many Members powerfully. He said that the Government would not compromise on the protection of our energy security. I hope that Ministers in the Ministry of Defence will recognise the importance of what he said, and complement it. They must be sure that the structures that we built after the second world war and refined in the cold war to protect ourselves and our energy supply are still fit for purpose in the hot politics of the 21st century. As we have heard from colleagues from across the Chamber today, our strategic defence now has two competing and potentially conflicting demands: to deal with our old opponents such as Russia, and to deal with the new formless and stateless enemies such as al-Qaeda. I hope that when they consider the SDSR and energy policy, the Secretary of State and his team will ensure that our approaches to those two issues complement each other and are not in conflict.

5.1 pm

Oliver Colvile (Plymouth, Sutton and Devonport) (Con): Thank you, Mr Deputy Speaker, for calling me in this debate. I congratulate the Chairman of the Defence Committee on getting the debate going successfully.

This debate feels a little like déjà vu for me, because my maiden speech was about the future of the strategic defence and security review. I fully understand the budgetary constraints that the Ministry of Defence faces. Although I said in my maiden speech that we needed to control public expenditure, I also argued that we needed to ensure that there was enough money in the defence budget to deliver the requirements that we had. I remind the House that if that does not happen, we could find ourselves in the same position as the Soviet Union in the 1980s, when it suddenly ran out of money and was unable to deliver the defence capability that it espoused.

As we heard in the last debate, 50% of our trade is with the EU. I remind hon. Members that the EU is not doing incredibly well at the moment as far as growth is concerned. I therefore think that we need to look to other countries, such as China, Russia and India, where there are potential markets. To do that, we have to ensure that we have decent trade routes and that they remain open.

As the hon. Member for Plymouth, Sutton and Devonport, I am delighted to be able to speak up for the Royal Navy and 3 Commando Brigade, both of which are based in my constituency. I thank Ministers for committing the Government to ensuring that Plymouth remains a principal naval strategic port. That is very important.

Keeping our trade routes open is important for the import and export of goods and will be fundamental for growth. As an island nation, we are dependent on sea routes. It is incredibly important to have a strong Navy with good frigates and submarines, and aircraft carriers when they come forward. I pay tribute to the Royal Navy and 3 Commando Brigade in my constituency. They have worked incredibly hard to ensure that we have that security. We must only look at the piracy situation to see how well that is going.

Plymouth is a global centre for marine science, engineering and research. The Royal Navy is a key part of that. It is important that Plymouth maintains its global reputation for that. As many of my hon. Friends will know, this year we are commemorating the death of Captain Scott in the Antarctic, which took place 100 years ago. I am grateful that there has been a great deal of interest in that subject. We need to ensure that Plymouth remains the home of the Type 23 frigates and that when the decision is eventually made, we have our fair share of the Type 26s when they become available.

We have heard suggestions that there may be problems north of the border up in Scotland. It would be helpful if the Minister spent a little time telling us what alternatives we would have should the Scottish Executive and the Scottish people seek independence. He can rest assured that should the Scots be in the process of thinking that they may not want the nuclear deterrent or nuclear submarines, we in Plymouth are ready to pick up the baton and would be happy to open negotiations to try to ensure that we have them.

The Parliamentary Under-Secretary of State for Defence (Mr Andrew Robathan): I do not have the opportunity of winding up today, but I can say that we welcome my hon. Friend's offer.

Oliver Colvile: I thank the Minister.

I was somewhat dismayed earlier this week when I heard the news about the Defence Committee's report and found out how many people had left the military and the civil service. Somewhere along the line, we have to ensure that people who have served in the military and picked up good and worthwhile skills are able to use them in employment elsewhere. When my father,

[Oliver Colvile]

who served in the Navy as a professional sailor, having gone to Dartmouth at the age of 14, left as a signalman, he was able to go and get a job as head of outside broadcasting at Rediffusion Television. He was member of the Institution of Electrical Engineers, and he did not have to take exams, or anything like that, in order to prove himself. In those days, it was possible to transfer and use such skills. If our military are to get the best jobs that they possibly can, they will need to use their training and backgrounds. If we are able to deliver on that and to make them feel valued because of the work that they have done, we will be in a much stronger position.

I am keen to ensure that we in Plymouth are in a position to look after the defence of our country so that when Drake's drum eventually begins to beat—although I hope it never happens—we can answer the call.

5.7 pm

Mr Bernard Jenkin (Harwich and North Essex) (Con): The strategic defence and security review is having a significant long-term impact on the UK's defence posture and on our ability to deter aggression and to shape the global strategic environment to reflect UK national interests, and yet we still aspire to a global role. The Government argue that they have established an adaptable posture for UK defences, but the loss of whole capabilities such as carrier strike and maritime reconnaissance, and the paring back of virtually everything else, will leave the UK able to mount only limited operations of limited scale. After Afghanistan, numbers in the British Army will be further cut to 87,000, or perhaps even 84,000. Even the brigade-plus we currently deploy in Helmand—a fighting force of just 1,500 men—will be impossible to sustain other than for short durations. Libya was a success, and that reflected luck and political daring on the part of our political leaders, as well as the extraordinary inventiveness and resilience of our armed forces personnel. However, that does not prove that the SDSR is a success.

The question is what should be done now. As the United States has just announced a new, leaner defence policy, leaving us in Europe more exposed, the world is not becoming safer. Clearly, without money, we must start thinking. I was grateful to hear my hon. Friend the Member for Penrith and The Border (Rory Stewart) extol the virtues of strategic thinking. To date, the fundamental failures at the Ministry of Defence have been intellectual, not technical, and changing the intellectual dimension does not need to cost a lot or require new institutions. The MOD needs to demonstrate new strategy and new operational concepts. There has been no real attempt yet to change what the MOD does. Trying to do the same as before on half the budget will fail. Less of the same will not work, because we no longer deploy critical mass. Nor can we solve the problem merely by doing things better.

We need a "Hammond review", quietly to start to build capacity and to think about how to do things differently at low cost. That approach is alien to MOD culture and the defence industries, and it requires new people and new lead contractors. My right hon. Friend the Secretary of State should create a new, competent, imaginative, trustworthy team with real technical expertise—not consultants but dedicated people with collective responsibility, continuity and a real stake in seeing the problems solved. The civil service cannot do that in the traditional way, which underlines the weakness of putting it into a dominant position on the Defence Board, as my hon. Friend the Member for Gainsborough (Mr Leigh) pointed out.

The Chief of the Defence Staff should build the new team for the Secretary of State, but he would still need to monitor it closely. It needs external sources of ideas and expertise, and it must explore how the MOD can be enabled to adapt and evolve using its own resources so that it can generate and regenerate the forms of power that the UK, and indeed Europe, need in this rapidly changing world. That requires a recreation of the country's competitive stance, just as the US's competitive stance ensures its technological and industrial dominance. The Secretary of State should involve others from Whitehall and Parliament, from the City and commerce, and from other like-minded defence ministries and industries. We cannot rely wholly on analysis by US organisations such as RAND.

There are similar problems in our defence industry. How much industrial research and development capacity has been lost in the past 15 years? Does anybody know? With such a small budget, it no longer makes sense to have prime contractors. The more we use them, the less adaptable and the less able to reduce costs we will be. Reliance on them has proved no substitute for the MOD as an intelligent customer. The UK has always been good at small, and we should exploit that advantage by harnessing the networks of small businesses that are truly innovative and inventive but currently find it impossible to get their ideas into the MOD and the armed forces.

The new equipment programme must reflect what we need and can afford, which will depend on the capacity to generate what we need when it is needed. The MOD faces huge challenges, and the reconstitution and regeneration of the previously extant force is no longer an option. We have used up our force and cannot replace it. The only viable option is a new concept of responsiveness, and it is time to think bravely and boldly. As my right hon. Friend the Secretary of State put it in his recent speech to the Atlantic Council:

> "Necessity drives innovation—and it breaks down barriers...With budgets so tight, Allies need to revisit approaches and ideas that might previously have seemed politically unacceptable."

That must apply at home as well as abroad. I was encouraged by the tone of his speech today, and I hope that the MOD is working towards those goals.

5.13 pm

Penny Mordaunt (Portsmouth North) (Con): I start by declaring my interest as a member of the reserve forces.

Are we sufficiently well defended? For an answer, we might do worse than refer to the Prime Minister's remarks to the Liaison Committee last year. He said that if the question was whether the UK was

> "a full spectrum defence power, I would answer that literally by saying yes, because I think if you look...across the piece, you take a Navy that has got hunter-killer submarines, that has a nuclear deterrent that we are renewing, that has two of the most modern and up-to-date aircraft carriers coming down the track; if you

look at our Air Force, that has got the Typhoon, one of the most capable and successful aircraft that anyone has anywhere in the world".

At that point my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot), the Chairman of the Defence Committee, interrupted:

"Prime Minister, everyone knows what we've got."

Indeed we do, and we know what we have not got, too. "Coming down the track" means "not here yet". I am reassured by the excellent work on the Type 26 of the Under-Secretary of State for Defence, my hon. Friend the Member for Mid Worcestershire (Peter Luff), who is responsible for procurement, and by the fact that the Prime Minister speaks enthusiastically about the carriers, but by his own definition of full spectrum capability Britain currently, although unavoidably and understandably, comes up short.

We inherited a catastrophic mess at the MOD when we came into government—I am sorry that we do not have many Opposition Members still in the Chamber to hear me say that. Tough decisions had to be made to clean up that mess, leading to the capability gap and the challenging task of regenerating that capability. We must succeed in doing that, but I am increasingly concerned that we risk failure.

If Britain wants to live up to her billing as a leading nation, we must perform like one. The world still looks to Britain for leadership—as in the recent action in Libya—and it is incumbent on us to be ready to meet those calls in our own national interest. The Royal Navy gives us global reach. It allows us to be present anywhere in the world within 12 miles off any coast with impunity. It keeps food in our supermarkets and the fuel flowing so we can distribute and cook it. Our island nation depends on the Navy for its very survival, an obvious point not often recognised by Departments of State or parliamentarians—present company excepted.

Recognition of that fact does not require one to hark back to the days when Britain's carrier fleet numbered 55 ships, but it means we need to increase the size of the current surface fleet with the carrier strike and the Type 26 combat ship. It requires us also to ensure that those platforms are properly supplied, so that they can be at their most flexible.

We must stop hollowing out capability. I told the MOD permanent secretary at the Defence Committee that some ships were sent to Operation Ellamy and elsewhere with dangerously hollowed-out capacity. HMS Westminster had only 10% of her ordnance, or, to put it another way, only two shots in the barrel. In response, the permanent secretary spoke of "layered defence" and

"other capabilities that we had in terms of submarines...and ...aircraft".

She also said that it was

"absolutely an operational decision on whether it is safe"

to send Westminster.

"Layered defence" is all very well, but I wonder whether the Westminster's 190 crew would not have felt more secure if they had the means to defend themselves rather than relying on others. It might have been an "operational decision", but would we not put the people making such decisions in a far more comfortable position if they knew that ships had a more appropriate complement of missiles? I anticipate that the MOD would answer that missile numbers are secret, but they are not. Anyone—friend or foe—with a moderately priced pair of binoculars and the inclination to look could have discovered how many Harpoon missiles were on Westminster.

The MOD must develop a mechanism properly to plan, acquire and monitor ordnance stocks. No such mechanism exists. As I have raised that point in the Committee, with Ministers and on the Floor of the House, I would like to see evidence that it is being addressed.

I would also like greater recognition of our dependence on carrier strike. As the Foreign Secretary mentioned earlier this week with regard to HMS Argyll's passage through the strait of Hormuz, we currently rely on our allies—in that instance in the form of the USS Abraham Lincoln. It is apparent, therefore, that when we say we do not need carrier strike for the next decade, we mean we need it but hope to use someone else's.

That might be all very well when our interests align with those of our allies, but what about when they do not? The Prime Minister has rightly taken a robust line on Argentine pretensions over the sovereignty of the Falklands. The US Administration take quite a different view, regarding the UK administration of the islands as "de facto" and taking "no position regarding sovereignty". We are encouraged to work things out with Argentina "through normal diplomatic channels". If it came to it, one suspects that requests for carrier cover would fall on deaf ears.

Equally, although one must recognise that while flying sorties from Norfolk for a time was the only way to halt Gaddafi's murderous advances in Libya, it was expensive. Had the Ark Royal not been decommissioned, it is unthinkable that she would not have been sent on Ellamy. Had we flown sorties from a carrier in the Mediterranean rather than from an airfield in East Anglia, they would have been more frequent and more responsive, and the need to return to base without dropping a bomb would have been less of a waste of time and money.

I raise those issues not to chastise the Government for the SDSR—they had to close the gap in the defence budget—but to show our dependence on carrier strike force. The Prime Minister has said that carriers are necessary for a nation to have full military capability, which means every day of every week, all year round. Accepting the need for carriers is to accept that we must have both Queen Elizabeth class ships in operation—at minimum, one on, one off.

Mr Leigh: Does my hon. Friend recall that the US Secretary of State, Hillary Clinton, referred recently to the Falkland Islands as "the Malvinas", therefore implicitly giving a nod in the direction of Argentina? My hon. Friend is right that we could in no shape or form depend on the Americans if there were any threat against the Falklands. Were they taken, without a carrier, we could never take them back.

Penny Mordaunt: If someone had an argument about the sovereignty of an eastern state, I am quite sure we would have a much more robust response from our nearest ally.

The cost and specification of the new carriers has been much derided. One estimate is that they could be as much as £3.1 billion more expensive than planned.

[Penny Mordaunt]

I have heard many an "amusing" conversation in this place about the decks being too short for aircraft to take-off and the possibility of sailors being burnt to a crisp by aircraft engines, along with other such Bird and Fortune material. We laugh, while blindly heading for a greater folly: spending such a sum, only to deny ourselves the capability that it should have brought. If we end up with just one operational carrier, we will have wasted £5 billion over the initial estimates, yet for months of every year we will be without cover. If our enemies strike during an off-period, the British people will ask what that hefty final bill has actually achieved. Thanks to the last Government, £3 billion has been needlessly spent on carrier strike force. Under this Government, let us not have £7 billion pointlessly spent.

5.20 pm

Mr Tobias Ellwood (Bournemouth East) (Con): I am grateful to catch your eye, Mr Deputy Speaker. Like others, I declare my interest as a member of the Territorial Army. There seem to be enough of us here to form a small platoon, which would perhaps be interesting, although such a platoon would come only from this side of the Chamber. Indeed, there is a noticeable absence of support for today's debate from the Opposition Benches—*[Interruption]*—other than from the right hon. Member for Rotherham (Mr MacShane), who has just walked into the Chamber.

I congratulate my hon. Friend the Member for Portsmouth North (Penny Mordaunt), as well as my hon. Friend the Member for Penrith and The Border (Rory Stewart), who, with his eloquent speech, raised the standard of this debate—we were getting into the weeds a little bit, talking about the tactics of the SDSR rather than the strategy. We were starting to talk about the individual bits of kit that we enjoy, like or are in love with—we are always quick to quote a retired general or admiral saying, "This is exactly what we need"—rather than stepping back and asking what the strategy is and where we fit in the bigger picture. Fundamentally, the SDSR is about how we protect our people, our allies, our economy and our infrastructure—indeed, our way of life—from the potential risks that we face. It is about how, on occasions working with our allies, we apply the instruments of power to influence and shape the global environment, and how potential tactical threats affect us.

The shadow Secretary of State did not want to get partisan when I intervened on him, but it is important to reflect on what happened over the last decade. Not only did the previous Government not have an SDSR, which was bad time management, but not having one affected our military's ability to perform. During that decade we saw the September 11 attacks, we were involved in enormous campaigns in Afghanistan and Iraq, and we had the July 2005 bombings. The type of threat changed, compared with the cold war stance that we were used to. There were huge changes in operational tactics too, with the introduction of drone warfare, advances in missile systems and stealth technology—ways to introduce force multipliers that did not exist before. The conduct of war also changed, with an emphasis on stabilisation operations as much as war fighting, as illustrated in Iraq and Afghanistan. The kinetic phases of those campaigns were over very quickly, but the lack of an unconditional surrender meant that we then got into protracted stabilisation and peacekeeping operations.

I was saddened to visit Sandhurst not long ago and find that it had only just introduced courses in CIMIC—civil-military co-operation—which are required to enable the military to liaise and work with civilian counterparts, NGOs and the Department for International Development in those other operations, which start in the aftermath of the war fighting. That is what we now need to get good at; that is what was missing in Afghanistan and Iraq. Had the Labour Government held a defence review, those issues would have been identified. However, they did not, and we failed to take the opportunity to fundamentally modernise our armed forces. I think the Chilcot inquiry will reflect that. It will show that our armed forces found themselves in two campaigns with the wrong numbers and the wrong equipment, and without a clear strategy.

I firmly agree with my hon. Friend the Member for Penrith and The Border about our ability to work more cohesively with other Departments. We need to be able to work with DFID and the Foreign and Commonwealth Office to ensure that our strategy—the purpose of sending our military into danger—is absolutely crystal clear. It is clear from General Petraeus's book on counter-insurgency that it is not enough simply to defeat the enemy; we now have to win over the hearts and minds of the locals—the friends that we are trying to support.

The triangle consisting of security at the top, then governance, followed by development and reconstruction has still not been developed. In Afghanistan, the security aspects took far too long to get right. Huge questions still arise as to why we ended up in Helmand province anyway. Those of us who know the history of that country will be aware of the treaty of Gandamak and the battle of Kandahar. Events such as those tell us that we are not particularly welcome in that patch of Afghanistan, given the history there. There might have been other places in which we could have been more strategically helpful. Lessons have been learned from those engagements and put into practice in Libya, where there has been a far more coherent effort, not only within our own Departments but in regard to whom we work with, including our NATO allies.

Labour missed a massive opportunity to understand what exactly our military are expected to do. Our armed forces were placed in danger and given kit that was out of date. I mentioned Snatch Land Rovers in an intervention. Too often at that time, other bits of kit were thrown at the military for testing, to see whether they would work. They included vehicles such as the Jackal, the Cougar, the Vector and the Ridgback. Eventually, the Mastiff came along and proved to be the most suitable for use in those operations. Things should not have had to work in that way, however. A security strategy could have helped in that context.

Procurement errors have been made. The Nimrod has been mentioned many times in the debate. The contract for its development was signed in 1996, and it was due for delivery in 2003, yet not one aircraft ever received a certificate of airworthiness. The Sea Harriers have been cut, which means that there is now no chance of us ever putting a carrier in. The existing Harriers do not have guns; they do not have the Mauser weapon systems.

They cannot carry the Brimstone or the Storm Shadow, yet those missiles were critical to the success of the action in Libya.

We get stuck with certain favourite bits of kit. The Apache is now in a new dimension. It travels at two thirds the speed of the Harrier and fires the Hellfire missile, which is just as potent as any of our other weapons. We hear that the Falklands are under threat. We have an aircraft carrier there, so the base already exists, and it has the Typhoon and the Tornado. The Argentines spend only £3 billion on their defence budget, compared with our £30 billion. I believe that we should place the question of Argentina in a separate context in relation to the SDSR. It is a distraction from where we are going.

Finally, I should like to congratulate the Defence team on what it is doing. I think that we are finally progressing—

Mr Deputy Speaker (Mr Nigel Evans): Order.

5.27 pm

Richard Drax (South Dorset) (Con): It is a pleasure to follow my hon. Friend the Member for Bournemouth East (Mr Ellwood). I, too, would like to pay tribute to my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot) and to the Backbench Business Committee.

I am speaking on behalf of my constituents, but I am also speaking on behalf of the many who are serving in our armed forces who cannot speak for themselves. As has already been mentioned today, George Washington once said:

"In time of peace, prepare for war."

I feel that that quote is rather pertinent, as we scrutinise the progress of the strategic defence and security review. There is no doubt that a review was needed, but the decisions that flowed from it have left our country exposed and weakened, militarily and politically—the two go hand in hand. How can we possibly advance our peaceful cause, and protect our interests around the world, if we do not have sufficient muscle to flex, and ultimately to use, when things go wrong, as history shows they do. Yes, Labour left us with a £38 billion black hole. Yes, the Ministry of Defence was bloated. Yes, the armed forces are top heavy and need rebalancing, and yes, procurement was out of control. Regrettably, however, the Treasury's will has prevailed over that of the military.

There is to be a loss of personnel. The Army is to lose 7,000, and the Royal Air Force and the Navy 5,000 each, with a further 4,000 soldiers to go. That is a tragedy. In regard to our front-line troops being protected from the cuts, we have been told that no one who is in receipt of the operational allowance, preparing for deployment, on post-deployment leave or recovering from injury will face compulsory redundancy. Although that has been followed to the letter, we know that, in some cases, compulsory redundancies have followed the end of post-deployment leave almost immediately. I should also like to comment on the fact that some troops who are currently preparing for deployment know that they are on the list for voluntary redundancy. How odd that must be for them, fighting for their redundancy money. I wonder what that does for morale on the battlefield.

I would also like to touch on plans to change the ratio of regulars to reserves from 80:20 to about 70:30. The reserves, who include many esteemed colleagues in the House, do a wonderful job, and I pay due respect to them, but I believe, as do others, that the thinking behind the proposal is seriously flawed. When budgets are tight, the integrity of the armed services must be maintained by the regulars. We simply do not have the money to spend on the reserves, as they do in America. Reserves are harder to recruit and retain, and expensive to train. If thousands of troops return from Germany, where will we train our armed services? Even now the reserves in my constituency of South Dorset have a nightmare trying to find places to train because the regulars get there first. Senior officers have told me that they would rather have more regulars for the same amount of money.

I turn to the ongoing redundancies. With nearly 3 million people out of work, is it wise to throw experienced and highly valued servicemen and women out into the cold and potentially on to the welfare state? It simply cannot be. I genuinely believe that those who have not served in the uniformed branch of our country, and that applies to most people in the House and, dare I say, all the Cabinet—that is not a personal assault on them—simply do not understand its value. Quite apart from the wonderful job all those in uniform do, they are standard bearers for our local communities and contributors in many walks of life, especially when they return to civilian life. Having served, they give back so much.

Much mention has been made of the gaping hole, up to 2020 or thereabouts, that will exist in our defence strategy. Not until then, we are told, will we have two new aircraft carriers, supposedly, the planes to fly off them—as we have heard, we are not sure which planes they will be, whether they will be able to land or take off, or whether they can deliver the necessary armaments—the new fleet of Astute class submarines and six state-of-the-art Type 45 destroyers. I will believe it all when I see it.

In the meantime, the storm clouds are gathering—this is not some dramatic statement; they are. The following is not an exhaustive list. There is Iran. There is the Arab spring, which I and many others believe is turning wintry. Even our recent triumph in Libya looks shaky. There is Nigeria and Yemen. There is the Falklands. There is Russia—unpredictable. There is China—empire building. North Korea remains a sinister enigma. In Europe—our allies—the German chancellor warns that "half a century of peace in Europe" could end if the euro collapses. Here at home—let us not forget good old Britain—Irish terrorism still erupts sporadically. On the mainland, we considered deploying troops on our streets to counter riots.

What do we do? We disarm. The truth is defence spending must rise, not fall. It was 5% when I served, and it is now about 2.5%, as we have heard, and the NATO minimum is 2%. It is our solemn duty in the House to protect our island, safeguard our dependent territories, and meet our NATO commitments. The money must be found, and it can be. We squander millions on overseas aid—I accept that charity must go abroad, but not to the extent it does. There is our massive contribution to the EU, and when we renegotiate—and we will—we will get back billions, which we can then spend on things that this nation

[Richard Drax]

needs. There are the many quangos that were going to be burned on the bonfire. Then there is the vast welfare state. The list goes on.

Defence is a matter of priorities. I accept that, economically, Departments must make cuts, but will our enemies look at this country and refrain from aggressive action because we face austere times and cut our defence capability? History shows that that is when our enemies will strike.

5.34 pm

Sir Bob Russell (Colchester) (LD): As the newest member of the Defence Committee, I congratulate the Chairman, my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot), on setting the scene for this excellent debate. I also endorse the comments made by my hon. Friend the Member for North Wiltshire (Mr Gray).

In opposition, both the Conservatives and the Liberal Democrats criticised the Government because our armed forces were under strength and overstretched. I regret to say that the coalition Government are making a bad situation even worse. The morale of Her Majesty's armed forces is not as good as it should be and among the reasons for that low morale are poor conditions.

I commend the previous Government, for example, for what they did with the new Merville barracks in the Colchester constituency, but I condemn them for their failure to upgrade the family accommodation sufficiently in 13 years. Even today, one can see it with single soldier's accommodation. When the Defence Committee went to Catterick, we were shown level 4—perhaps it is called category 4—accommodation, which reminded me very much of what we used to see in "Auf Wiedersehen, Pet" when the work force decided to decorate the place. The Army in Catterick got in paint and paint brushes and allowed the soldiers to determine their colour scheme in the various bits of the barrack block. The colour variations included interesting combinations and the quality of the workmanship was variable. I do not think that that is the right way to treat our brave soldiers, nor is it right that soldiers' families should continue to live in accommodation that is not what we would expect in civilian life.

We know that the size of the Army will go down and we have been told today that the numbers will be the lowest since the Crimea. The statistic I had was that they were the lowest since the Boer war, Baden-Powell and Mafeking. Whatever that number is, it is too small for us to have a role on the world stage. We have commitments. The Falkland Islands have been mentioned and I should like to endorse those who have pointed out that it is fortress Falklands now and that things are completely different from 30 years ago. I do not think we should get over-anxious. We obviously need to be alert, but we should not think that the Falklands in 2012 are as they were in 1982.

I pay tribute, as others have, to the Territorials and reservists. Without them, we could not do what we do. Without the 10% of the British Army that is not British, it could not do what it does. We should pay tribute, in particular, to those people from the Commonwealth nations who serve in Her Majesty's three armed forces. Let us also praise those who provide leadership for the air, sea and army cadets. I am delighted to say that we have all three units in the garrison town of Colchester.

I want to conclude, as others wish to speak, on the subject of the future of the Ministry of Defence police. There are some 3,600 MDP officers and their headquarters are in Essex, in Wethersfield. Despite their highly trained and specialised nature, the role of Ministry of Defence police is often not well understood by decision makers and the wider general public. Indeed, under the previous Government, I went to the MOD to make a special plea on behalf of the Ministry of Defence police in the garrison town of Colchester and I could not get people to understand the important role they played. As a result, the number of MDPs in my constituency has gone from 30 to three. With the best will in the world, the Essex constabulary cannot plug the gap left by the loss of 27 Ministry of Defence police officers. The MDP is facing major cuts to its budget and numbers as part of the strategic defence and security review, with a potentially disastrous impact on national security. The Ministry of Defence must reconsider and I hope that the Defence Committee will help the Ministry of Defence realise that cutting the MOD police is not the brightest of the ideas that it is considering.

5.39 pm

John Glen (Salisbury) (Con): As a member of the Defence Committee, I welcome this opportunity to contribute to the debate. Defence reform is a complex matter and it is not easy, in a few minutes, to encapsulate coherently and completely in an incisive contribution how one would move things forward. I say that to mitigate the disappointment when I sit down and to reflect how difficult it is to reform a Department that has so much complexity hard-wired into its fabric. Much analysis and many reports on this issue have been undertaken over the years and I do not want to use my time now to revisit controversial decisions on whether, if or when we will have an aircraft carrier or aircraft carriers, or on the number of senior posts that will be rationalised, or on how those decisions were taken. Neither do I want to examine the different reasons armed forces personnel face a greater likelihood of compulsory redundancy than their civil service counterparts.

The three points I wish to raise today concern culture, accountability and the measurement of outcomes. Regardless of what decisions are made about programmes and the size and shape of the three services, it is in those three areas that lasting, effective and meaningful reform will be achieved. Many people will probably raise their eyebrows at the mention of culture and think it is a soft and peripheral concern. They might think that the culture of the armed forces is well defined and focused, so let me explain what I mean.

I have no doubt whatever that the sense of discipline, service and mutual dependency is fully developed within the culture of the armed services, as is that brave willingness to risk life and limb for country. However, I am increasingly of the view, through all my different interactions with the armed services in the two years I have been in the House, that although in operational terms there is no doubt about how well the different services work together, when it comes to taking decisions in the interests of UK defence at the strategic and policy level, individuals display an undue dependency

on their own service, department or section and the affinities that go with them. Often, I feel that decisions on fundamental matters of reform are made on the basis of the relative political skills of the senior individuals involved. Until a culture exists that rewards and prizes fully at all levels the good of UK defence above other ingrained imperatives, lasting and successful reform will not happen. We cannot continue to pay lip service to jointery from a structural and organisational chart perspective but make no real investment in the mechanics of decision making within the MOD.

The second issue I want to address is accountability. The Defence Committee's report of just this week says that

"the MoD could not provide adequate audit evidence for over £5.2 billion worth of certain inventory and capital spares."

My hon. Friend the Member for North Wiltshire (Mr Gray) referred to the Secretary of State appearing like the chairman of an international company.

Mr Gray: A very good one.

John Glen: Indeed, but what would happen in a business if such inventory could not be accounted for so that for the fifth year the financial director had to qualify the accounts? My gallant Defence Committee colleague, my hon. Friend the Member for Beckenham (Bob Stewart), recently told me he had once been severely reprimanded for an unaccounted rifle. That was only a generation ago, yet today £125 million-worth of Bowman radios are still unaccounted for.

Many Members will raise their eyebrows, because the issue has been highlighted so many times in different reports, but poor accountability for decisions and outcomes and for the use of public money needs to be addressed. Accountability needs to be hard-wired in the MOD, not just at the highest level but at every level, otherwise reform will not be successful.

The final issue I want to examine is measuring outcomes. As a member of the Select Committee, I draw attention to our recent report, which notes that we were told that

"88 per cent progress had been made to a stable and secure Afghanistan."

It is a promising statistic, but when we examined it further we were told that

"the performance was not 88 per cent against a full range of indicators of what is happening in Afghanistan, for example on the quality of governance, the economy and security."

In that case, what is the point of such a statistic in the MOD's annual report and accounts? We can debate at length the different aspects of decision making and allocation of resources, but until we have proper accountability and measurement of outcomes we cannot have real change in future outcomes and conduct in our MOD. We need to change the culture. We need real accountability, with consequences. We need to measure outcomes so that effective decision making can be built on well into the future.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. I remind Members that the wind-up by James Arbuthnot will start no later than five to 6.

5.46 pm

Bob Stewart (Beckenham) (Con): I congratulate my right hon. Friend the Member for North East Hampshire (Mr Arbuthnot), the Chairman of the Defence Committee, on which I sit. His leadership is outstanding.

I want to talk about what might be the most important thing: morale. As we all know, Napoleon called morale the sacred flame—the thing that matters more than anything else. He said that morale is to the physical as three is to one. When I was a captain, I used to teach leadership at Sandhurst and I could not quite understand what he meant. Ten years later, when I was a British military commander in Bosnia, people would ask me—Serbs, Croats or Muslims—how many men I had under my command. I would reply, "Lots. How many do you think?" They said, "Between 3,000 and 4,000." I had 800. Morale made the difference.

High morale is definitely a force multiplier. It is not quantifiable statistically, but we can feel it. My experience is clear. When we go into a unit, we can feel what morale is like from the way people talk, stand and behave. Let us be clear: the British armed forces have the highest morale in the world on operations. Anyone who has visited our troops in Afghanistan can see that. Wherever British soldiers go in the world, their morale is high on operations. I am worried about what happens when they are not on operations.

In all the years I have been involved with the Army, and it goes back a long time—1967—I have never seen such low morale among personnel when they are not on operations. There is a difference. On operations they come up to the plate; they are fantastic. They are everything one would always expect. It is the British way of doing it. But off operations—boom! Down they go.

Obviously, the SDSR has an impact, because there is massive uncertainty on job security and life for the future. There is a pay freeze, and rising inflation has made life very difficult for the junior ranks. Some service personnel are involved in change programmes. They see an increase in work load and fewer resources being given to them. Obviously, barracks and the accommodation are not great. The Welsh Guards in Cavalry barracks are looking forward to having a hot shower when they go to Afghanistan—and they are in west London.

I hope last night's *Evening Standard* is wrong that anyone above the rank of sergeant is going to lose his or her London weighting, because if that is the case a sergeant will get a 4.5% pay cut in London, when he or she has no choice over where they are deployed. Do we take a pay cut? Do we lose our London weighting? Do civil servants lose their London weighting? It is not fair.

Many people, of course, serve away from home for a long time, and the tour interval for some people is now down to about a year. Families do not like it, clearly, and they put pressure on soldiers. The biggest contributory factor to low morale is the fact that our armed forces are taking such a cut in personnel.

Leadership is essential. Leadership in the Ministry of Defence is about heart as much as statistics. Soldiers need to know they matter and are cared for by the people who look after them. Military commanders should look downwards first before they look upwards. I am slightly worried because I seem to think—I hope I

[Bob Stewart]

am wrong, but perhaps I am not—that too many generals are trying to be political or be civil servants rather than looking down at their soldiers.

I will end, because I know we are short of time, by concluding on morale. If we want to be the best—to use the Army's phrase, "Be the best"—we must get morale right. It is not right at the moment, particularly when our soldiers, sailors and airmen are not serving in the field. Addressing morale is the top priority of everyone in the Ministry of Defence, from the Secretary of State downwards. It is very important that everyone in a position of power and influence puts their heart and soul into getting that vital aspect as good as it can be. Thank you for calling me, Mr Deputy Speaker.

5.52 pm

Mr Arbuthnot: With the leave of the House, Mr Deputy Speaker, I will simply do a brief analysis of what has emerged from a really good and effective debate.

The right hon. Member for Newcastle upon Tyne East (Mr Brown) talked about nuclear deterrence. Personally, I give his arguments rather more credence than most of his own party do, because he was thoughtful and highly intelligent, as one would expect from him, about the nuclear deterrent; but the hon. Member for Barrow and Furness (John Woodcock) later made some comments about the nuclear deterrent, echoed by my hon. Friend the Member for New Forest East (Dr Lewis), which I think carried the day in the persuasiveness of the arguments. Nevertheless, I thought that the way in which the right hon. Gentleman spoke was very sympathetic and most persuasive.

My hon. and gallant Friend the Member for Canterbury (Mr Brazier) showed what he brings to the House of Commons Defence Committee. He brings a passion, an understanding and a degree of detailed knowledge of figures that is sometimes quite intimidating, but is enormously valuable. He will hold the feet of the Defence Committee to the fire, and as a result we will do our best to hold the Ministry of Defence's feet to the fire.

The hon. Member for Bridgend (Mrs Moon), as always, drew our attention to important matters, such as the maritime patrol aircraft—a key issue—and the various ways in which its absence will cause huge difficulties for this country. We on the Defence Committee know that it was perhaps the most difficult issue for the Government to confront in the strategic defence and security review, but when the hon. Lady told the House that we could be sharing Luxembourg's maritime patrol capability, that brought home quite what a pass we have come to.

I want to defend my right hon. Friend the Secretary of State, who has been accused of partisanship. I am not entirely sure that he was attacking the Labour party; I think he was mostly attacking the previous Prime Minister, and in that many might join him. In fact, many Labour Members might join him, judging by the many conversations I have had with former Secretaries of State for Defence bemoaning the way Ministry of Defence budgets were treated.

I hope that at some stage my right hon. Friend will be able to provide me or the Committee with a written answer on why the stabilisation unit, which is not part of the combat forces in Afghanistan, is expected to be withdrawn by the end of 2014. It seems to me that it has a role to play after that.

Having defended my right hon. Friend, I shall attack the shadow Secretary of State for Defence in a way that I have attacked him before by suggesting that he runs the real risk of becoming leader of the Labour party. I know that that does him no good, but I have always thought it. He was described today as temperate, and rightly so in my view.

The hon. Member for Edinburgh West (Mike Crockart) made a powerful case on the bases and barracks in and around his constituency, which will go down extremely well in Scotland, I am sure. The hon. Member for York Central (Hugh Bayley) offered a world view of defence and of the strengths and weaknesses of Europe. I entirely agree with his comments, apart from one with which I have a little difficulty. I agree with him that Europe has to step up to the plate a great deal more than it has done recently, but in response to his suggestion that the cuts we make in this country should be contingent on other countries improving their defences, I have to say that he might have to wait a very long time before that happens, although I hope I am wrong about that.

It was wonderful to listen to my hon. Friend the Member for Gainsborough (Mr Leigh). At last I have found someone who is even more gloomy than I —*[Laughter.]* I will long remember his final quotation and try to use it myself. On the point he made in his speech, Argentina should be in no doubt that we will not let the Falkland Islands go, and if the Falkland Islands were by any chance to be retaken by Argentina, we would take them back.

My hon. and gallant Friend the Member for North Wiltshire (Mr Gray) demonstrated in his speech why he is the chairman of the all-party group on the armed forces. He made an excellent defence of defence budgets and the armed forces in general. The hon. Member for Dunfermline and West Fife (Thomas Docherty) made a powerful contribution, as he always does, to today's debate and raised the question of whether we should have one carrier or two. I think it essential that we have two carriers, properly configured.

I am not at all surprised that I agreed with everything that my hon. and gallant Friend the Member for South West Wiltshire (Dr Murrison) said. I think the whole House values his experience as a reservist. I am not all surprised either that I disagreed with a lot of what my hon. and gallant Friend the Member for Penrith and The Border (Rory Stewart) said, but he said it with such strength, clarity and passion that, as has been noted, he kept the whole House gripped. He also made us think, and what a valuable thing that is for a debate such as this.

My hon. Friend the Member for Stafford (Jeremy Lefroy) talked about very important issues, echoing many that have been made about maintaining the cohesion of the armed forces—

6 pm

Motion lapsed (Standing Order No. 9(3)).

AFC Wimbledon

Motion made, and Question proposed, That this House do now adjourn.—*(Greg Hands.)*

6 pm

Siobhain McDonagh (Mitcham and Morden) (Lab): I am pleased to raise this issue in the House today. AFC Wimbledon has an important place in the hearts of many of my constituents. As we approach another big FA cup weekend we will, I am sure, look back at many of the cup's greatest moments. Perhaps none are so fondly remembered as one from nearly 24 years ago, when a team that had been in the Football League for only 11 years beat probably the best team in Europe, when the Dons of Wimbledon beat the Reds of Liverpool and John Motson coined his wonderful phrase, "The Crazy Gang have beaten the Culture Club!" My dad and my sister were very lucky to get tickets for the cup final, and a picture of me with my dad, who passed away five years ago, hangs proudly in my hall back in Colliers Wood, with him wearing his yellow and blue rosette. It was a happy day for our community, and it was also one of the happiest days for me, my sister and my dad. Winning the FA cup was a thrilling achievement.

Nearly a quarter century on, the achievement of one club in going from non-league to FA cup winners in barely a decade has been mirrored by the achievement of another. That club is AFC Wimbledon, which despite being formed only in 2002, has now made its way in less than a decade from jumpers for goalposts to the Football League. Less than 10 years ago a community came together in a time of struggle, and now they have achieved something even more amazing than the original Wimbledon. I am sure that all Members with an interest not just in football but in the power of community will want to join me in saying how proud we are of AFC Wimbledon. Therefore, I take this opportunity to congratulate the manager Terry Brown and his predecessors, and all the current and past players and staff.

Stephen Hammond (Wimbledon) (Con): I am grateful to the hon. Lady for securing the debate, and for allowing me to intervene. She is absolutely right. The key word she has hit on with AFC is that it is a club of the community of Merton and Wimbledon. The work that it does in the community, beyond its work on the football field, is to be commended. That is why the nickname "The Dons" needs to come back to that club, where it belongs.

Siobhain McDonagh: I completely agree with the hon. Gentleman.

The people we most want to congratulate are the supporters. AFC Wimbledon is owned by the fans through a small supporters group, the Dons Trust, and is deeply rooted in our community. When it was promoted to the Football League at the City of Manchester stadium last May, after Danny Kedwell's penalty kick and Seb Brown's heroic penalty saves, it was not just the club that was celebrating, it was the whole community.

But I have not called this debate today just to praise my local football club—although that would be reason enough. Yes, I want to use this debate to inspire, and to sing the praises of community football, but the main reason I requested the debate is that, strange as it may sound, everyone involved wants to prevent what happened to us from happening again. No true football lover could possibly want what happened to us to happen to anyone else.

Yes, it is true that the fans of AFC Wimbledon are enjoying their success, and yes, they are the same people who enjoyed success as supporters of Wimbledon, but the highs that we have experienced are nothing compared with the lows, and we do not want another club to suffer those. First, in 1991, the club left its home at Plough Lane. This was an ignominious time, especially for those of us who, like me, were connected to Merton council. We were persuaded by the owner, Sam Hammam, that Plough Lane was unsuitable for top-flight football, which required all-seater stadiums, and that he should be allowed to leave while a new stadium was found.

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): I congratulate my hon. Friend on securing the debate this evening. The point that she is making is pertinent to many football clubs. Does not that show just why, when the Government are considering the future licensing regime for football, there should be a presumption against clubs being able to move out of grounds, unless it is in the interests of the club and they have somewhere permanent to go?

Siobhain McDonagh: I completely agree with my hon. Friend. AFC Wimbledon is a case in point that justifies such registration.

AFC began to ground-share with Crystal Palace at Selhurst Park in Croydon. They never returned. Even worse, new owners took over and, in 2001, announced that they wanted to move to Milton Keynes. There was of course opposition from fans—not just fans of Wimbledon, but those of virtually every football team in the country. The move was opposed by the Football Association and even the Football League, which blocked the move twice. Many MPs became involved in the campaign against the move, and I wrote numerous times to the football authorities. With such opposition, few of us believed that the move could happen, but in May 2002 an independent commission gave it the green light.

The decision was as devastating as it was incomprehensible. It was the end of the road for our Dons. For most fans enough was enough, and they stopped supporting Wimbledon FC, which suffered so much that it went into administration the following year, shortly before finally moving into Milton Keynes in September 2003. Not only had the club failed to return, as Sam Hammam had promised it would, but thanks to the independent commission, what was still left was stolen and taken to another part of the country.

That was the point at which most people would have walked away, but a remarkable group of people decided not to. According to legend, a group of fans including Erik Samuelson, Ivor Heller and Kris Stewart met in a pub and decided to set up their own team, which would be owned by the fans and rooted in the local community—a club they could be proud of. In June 2002 they held open trials on Wimbledon common and cobbled together a team in just a few weeks. Their first game was a friendly against neighbouring Sutton United, another

[Siobhain McDonagh]

famous FA cup giant-killer. Perhaps unsurprisingly, Sutton won the match 4-0, but the result was less important than the fact that the dream was now real.

Rather like what happens in Kevin Costner's "Field of Dreams", those people built their club thinking, "If we build it, they will come." In a race against time, they found a ground at Kingsmeadow, just over the Merton border in Kingston, and persuaded the Combined Counties Football League to let them enter their competition. And once they had built it, come they did. Around 3,000 fans went to those early games, more than the old Wimbledon had attracted in the championship. What followed has been astonishing: five promotions in nine years.

However, that is not the whole story. AFC Wimbledon achieved their success in the right way. On the field, year after year they have won the Fair Play award, and off it they have been a model of good management and community involvement. The club is owned by the Dons Trust, a supporters group pledged to retain at least 75% control of the ownership. In 2003 it made the difficult decision to have a share issue in order to buy Kingsmeadow, the ground they share with Kingstonian, a club that is itself in terrible financial trouble and threatened with new asset-stripping owners.

AFC have been looking to return to Merton ever since, and the council has been very co-operative and supportive throughout. The leader of the council, Stephen Alambritis, a qualified football referee, is personally very involved in working with the club to identify a new home in the borough if that is at all possible. AFC have a real commitment to community sport and are well known in the area for their commitment to women's football and youth football. I have only good things to say about the chief executive, Erik Samuelson. He is a fan first and foremost, and infamously agreed to carry out his full-time duties in return for the nominal sum of one guinea a year, because

"it sounded posher than a pound".

He would be the first to say that the club would be nothing without every supporter helping to make it a success and the fans who give up their summers to paint the ground, or spend match days selling programmes or running the car park.

AFC have always been very supportive of the activities that I get involved with in Mitcham and Morden. In 2009 I held a reception for the club here in the House in recognition of its community work, and I remember those people being greeted warmly by many Members. Indeed, back in 2007 when the club was docked 18 points for not knowing that it had to fill out an international transfer form in order to sign a retired player, Jermaine Darlington, from Hackney, 88 MPs joined me in signing an early-day motion about it. Even the then Prime Minister, Tony Blair, told the House:

"it sounds like a daft rule, and someone should change it."—[*Official Report*, 21 March 2007; Vol. 458, c. 813.]

AFC have made a big impression, because they have been recognised for their work in our local community. So that brings us up to date.

AFC are an inspiring story of good people doing good things and getting good results, and this is now our opportunity to ensure that clubs such as Wimbledon never have to go through the same thing again. The review of football governance is very much to be welcomed, and the work of the Culture, Media and Sport Committee, in particular, has been incredibly helpful.

I especially pay tribute to a former Member. Alan Keen was an exceptional chair of the all-party football group and, by all accounts, an excellent football player—even into his 70s. He played a leading role in getting football governance taken seriously.

Supporters Direct, the independent co-operative that champions fans' concerns, has also been inspirational. Established in 2000, thanks largely to the efforts of my right hon. Friend the Member for Leigh (Andy Burnham), and the exceptional Phil French, whom I was pleased to see at AFC's first league game against Bristol Rovers last August, it has been a powerful voice of good sense. I especially thank Kevin Rye, who has been a great help to me today, but the entire organisation is fantastic.

I do not have time to go through the whole subject of football governance, because it deserves a far bigger debate and there are many more people qualified to speak on it than me. I am concerned about the narrow question of how the review of governance can stop clubs going the way of Wimbledon and ensure that they go the way of AFC. It should not be possible for clubs just to pick up sticks and leave the communities that support them. A proper, grown-up relationship between communities and their clubs is the way forward for all clubs, and I back Supporters Direct's call for action.

We now have an opportunity to ensure that football clubs can never again have their identity stolen or be uprooted and moved away from the communities that support them. If Supporters Direct's model of formal licensing had been in place prior to 2002, Sam Hammam and his successors might not have got away with what they did, so we need new rules on supporter and community engagement that give rights to supporters on behalf of the community. Those rights should include the right to have a "fit and proper supporters' trust" to engage with its club, with basic rights to information, including financial information, and to hold meetings with club executives.

We should make it mandatory to secure the agreement of the fit and proper supporters' trust before any fundamental changes to a club, such as the sale of its ground or a move to a different part of the country, take place. I support also the proposals to reduce clubs' dependency on "benefactors". Instead, clubs should have to rely on generating their own revenue, as AFC Wimbledon do, as a protection against overspending by speculators.

It is clear in my mind that Supporters Direct is right, and I should like to hear the Minister's views on how licensing could help the supporters of clubs such as Wimbledon, but I should like also to raise the thorny issue of identity theft. It is not the first time that I have raised it in the House, and Members have usually agreed that identity should be protected.

When the FA commission agreed to let our club leave south London, its supporters felt that their identity had been stolen. Everything that they identified with suddenly belonged to someone else. Very kindly and sensibly, the new Milton Keynes club decided that, even though they were essentially the same club as Wimbledon FC,

they no longer merited the honours won by Wimbledon, so they handed over the titles and cups to Merton council. They even changed their name from Wimbledon to MK Dons, but "the Dons" is the nickname of Wimbledon, and now that AFC Wimbledon have reached the football league it is time to reclaim our identity. We are the Dons, and it is time for the authorities to look at the running sore of our identity being stolen.

The Dons are from Wimbledon, and it is time for the new club in Milton Keynes to come out of the shadows and stake out its own identity. I understand that they are a good team with a good young manager, and, although what they did caused a lot of hurt, it is time to consign it to history. It is time for them to find a different way of representing their heritage, in their name, and then the team that are known throughout football as Franchise FC, which most fans think gained their position through identity theft, would be able to carve out their own identity and allow AFC Wimbledon to retain theirs. That would be good for Milton Keynes, removing much of the stigma associated with that club, and it would be good for the game.

I hope that the Minister will therefore commit to ensuring that the new licensing model also tackles identity theft, and I urge him to back the "Drop the Dons" campaign, launched earlier this month by my local newspaper, the *Wimbledon Guardian*, and to support my early-day motion on the subject.

It has been a real privilege to hold this debate today. I have always said that mine is a strong community, and that we are at our best when we act together. Nothing demonstrates that more than the Dons Trust and its creation of a brand-new football club to replace a much-loved old one.

In just nine years, the club has come a long way and made a big impression not just on me, but on many Members and on the wider football world. When we lost our football club 10 years ago, we lost some of our pride in our community. Well, we have got it back, but we do not want anything like that to happen to anyone else, and we believe that we now have an opportunity to ensure that it does not. So I say, on behalf of every supporter of every club rooted in every community, "Come on you Dons!"

6.14 pm

The Minister for Sport and the Olympics (Hugh Robertson): That is a difficult one to follow, Mr Deputy Speaker.

I congratulate the hon. Member for Mitcham and Morden (Siobhain McDonagh) on securing this debate and on the great interest, knowledge and enthusiasm with which she has promoted her local club. I genuinely thank her for that; one of the great things about my job is that it is not always a terribly party political post. I take great pleasure in the fact that Members from both sides of the House want to come together and praise the great work done by sports clubs in their local communities.

I associate myself entirely with the remarks that the hon. Lady made about Alan Keen. He was a great friend. I am not a good enough footballer to have played much football with him, but I played a great deal of cricket with him. He was a remarkable cricketer for a man in his 60s and a great sports enthusiast. Many people across the House miss him greatly.

I congratulate AFC Wimbledon on their promotion to the Football League this season. That was well merited and, as the hon. Lady said, a fantastic example of what can be achieved. It was the culmination of a great many things, many of which she mentioned in her speech. However, as she correctly said, it is, just as importantly, an example of what can be achieved through the power and determination of supporters—I am thinking particularly of the three gentlemen whom she mentioned. It is the supporters of AFC Wimbledon who, through their financial acumen and leadership, have driven this success. That is a great model for what fans can achieve and a great example, dare I say it, of the big society in action. I am delighted that their achievements have been recognised by Downing street.

In the coalition agreement, the Government made a commitment to work with the football authorities—the Football Association, the Premier League and the Football League—in this country to encourage reform of football governance, including measures that would encourage co-operative ownership of football clubs by supporters. Like the hon. Lady, I pay tribute to the work of the Select Committee on Culture, Media and Sport. The Government have supported its report and recommendation that football supporters should have much more of an active role in the running and decision making of their clubs. In our response to that report, we have suggested a number of ways in which we believe that may be achieved.

The first is through fans being better informed about a club's activities—for example, its financial standing, particularly, and the identity of its owners. Secondly, supporters ought to be represented or consulted in the club's decision making. That will help to prevent such unpopular decisions as a club's moving miles from its traditional fan base, as was the case with Wimbledon FC. Thirdly, supporter and supporter-run groups ought to have a formal share or ownership in their club.

Following the Select Committee report, we have given the football authorities—the FA, the Premier League and the Football League—the time to determine the best way of achieving those goals. In their response to the Select Committee process, they have the opportunity to work together collaboratively—they have not always done so in the past—for the long-term benefit of the game.

We have asked those football authorities to bring forward their proposals in three key areas by the end of February this year. The first is the reform of the FA board—a long-running sore since the Burns review. Secondly, there is the relationship between the board, the various FA committees, the council and the shareholders. Thirdly, and most relevantly to this debate, there is the introduction of a licensing system for all professional clubs, where much more robust rules around financial sustainability, fit and proper persons and directors are laid out. We see that licensing model as the appropriate vehicle for greater supporter representation at football clubs. As I said, the football authorities are due to make public their proposals by the end of February. I hope that the hon. Lady will forgive me if I do not pre-empt that tonight.

The hon. Lady was right to praise the work of Supporters Direct, which has been pivotal in the whole process. It provides fans with the focus and voice to ensure that

[Hugh Robertson]

they can secure influence and ownership of sports clubs and has contributed to the setting up of a network of supporters' trusts in many sports beyond football.

I recognise that any change in the corporate governance landscape of football ownership will be something of a cultural change. Given that we are trying to modernise and professionalise the governance of football, there will have to be a similar step change in the skills of supporters' representatives. That will ensure that the success of AFC Wimbledon is repeated across the country and across the leagues.

I will finish where I started, by congratulating the hon. Lady on securing this debate. Crucially, I not only congratulate AFC Wimbledon once again on their promotion and their recent award, but thank them for the excellent work that they do in the community, which as the hon. Lady said was recognised here in a reception in 2009. To conclude, I reiterate the coalition Government's commitment to encouraging greater supporter involvement in football clubs. With the hon. Lady and many Members across the House, we await with interest the response of the football authorities to the Select Committee's report.

Question put and agreed to.

6.20 pm

House adjourned.

House of Commons

Monday 30 January 2012

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

COMMUNITIES AND LOCAL GOVERNMENT

The Secretary of State was asked—

Public Spending

1. **Mr Douglas Carswell** (Clacton) (Con): What steps his Department has taken to increase transparency in (a) local government and (b) departmental spending. [92054]

The Secretary of State for Communities and Local Government (Mr Eric Pickles): We have replaced the previous Administration's byzantine bureaucracy with transparency and local accountability. We have asked every council to open up their books and to publish their spending over £500. Every council is doing this, apart from Nottingham city council, which finds it a bit difficult.

My Department is practising what we preach. Not only do we publish our spending over £500, but we have also published every single item of corporate credit card spending since 2004.

Mr Carswell: Will my right hon. Friend join me in congratulating and applauding Tendring district council, which has decided not only to publish items over £500, but to publish all items of expenditure every month? This has created a climate of thrift that has allowed it to cut council tax. Will he ensure that Whitehall Departments, agencies and quangos take similar steps?

Mr Pickles: I am happy to join my hon. Friend in congratulating Tendring. The council did not make the headlines for many years, but suddenly it has started coming up with lots of new initiatives. It is certainly in the forefront of transparency, and where Tendring leads, I am more than happy to follow.

Mr Denis MacShane (Rotherham) (Lab): Frankly, it is not good enough, because the Department is not publishing spending between 50p and £500, and that is where—on credit cards and in other areas—a lot of things go wrong. Can we have some transparency in this wretched Department, instead of the cover-up it is currently practising?

Mr Pickles: I am afraid that the right hon. Gentleman is quite wrong. We have published every penny of spending on credit cards, and that is why we know that Labour Ministers wined and dined at some of the finest restaurants in the country, including the Boisdale, Somerset House, the National Gallery, the Wolseley and the Cinnamon Club. It may be of interest to know that Labour Ministers were not alone—the Audit Commission managed to go to L'Escargot, Coq d'Argent and the Cinnamon Club, and its board members even went to an oyster bar to discuss corporate governance, and then lost the receipt.

Empty Properties

2. **Sir Bob Russell** (Colchester) (LD): What plans he has to return empty homes to use. [92055]

5. **Dr Julian Huppert** (Cambridge) (LD): What plans he has to return empty homes to use. [92058]

6. **Charlie Elphicke** (Dover) (Con): What plans he has to return empty homes to use. [92059]

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): We have put in place powerful tools and incentives to support local communities to tackle empty homes. The Government published "Laying the Foundations—A Housing Strategy for England" on 21 November 2011. This sets out our plans for tackling empty homes.

Sir Bob Russell: I thank the Minister for that reply and I congratulate the coalition Government on taking action after 13 years of failure. While I welcome the empty homes premium and the empty homes fund—and bearing in mind that the borough of Colchester has 2,024 empty houses, 591 of which have been empty for more than six months—may I urge him to bring more pressure to bear on local authorities, especially as 2,000 dwellings is roughly the size of a sprawling estate, land for which is short and which would be a planning and environmental disaster if it went ahead?

Andrew Stunell: I certainly agree with my hon. Friend that it is a scandal that there are so many empty homes, especially if they are empty for more than six months. The total at the moment is 270,000 across the country, but the good news is that that is a reduction of 21,000 in the last year. It is important to tackle the problem and that is why we have committed £150 million to bringing empty homes back into use. I am sure that his friends in Colchester will want to take advantage of that.

Dr Huppert: Will my hon. Friend join me in congratulating councillors Sian Reid and Catherine Smart of Cambridge city council on their work to reduce the number of empty homes in Cambridge since 2004? The Government's £150 million empty homes fund is welcome. How can Cambridge city council access it in order to get even more empty homes back into use?

Andrew Stunell: Local authority bids will be invited shortly for the £100 million that we have announced for providing affordable housing, and I hope that Cambridge will be right there. We are currently drawing up the criteria for the £50 million to tackle the worst concentration of empty homes. I also know that several community and voluntary groups in the east of England have their eyes on Cambridge.

Charlie Elphicke: Although the number of homes empty for six months in the Dover district has fallen sharply, to 872, do Ministers agree that a lot more work is needed to undo the damage of the past in Dover? In 2005, there were 674 empty homes. I urge the fastest possible action. During the same time, the social housing waiting list has grown by 14%.

Andrew Stunell: I absolutely agree with my hon. Friend that it is an urgent task to get empty homes back into use, particularly affordable use. Often, the waiting lists facing many local authorities could be shortened if authorities tackled empty homes vigorously. That is why we have provided the new homes bonus as a reward and are investing £100 million to switch empty homes to affordable homes.

Gloria De Piero (Ashfield) (Lab): Does the Minister accept that making use of empty homes is vital not just to tackling homelessness but to protecting the green belt from house building?

Andrew Stunell: The hon. Lady is absolutely right. An empty home already has planning permission and is capable of use without all the aggravation often created by new development. More than that, an empty home is often the cause of antisocial behaviour and other problems in a community, so it is a double win; in fact, a treble win. I agree entirely.

Bill Esterson (Sefton Central) (Lab): Sefton has a shortage of land for building houses but has 6,000 empty homes. Why do the Government not let councils such as Sefton include those homes in their housing strategy? That would also be a way to protect the green belt and urban green space.

Andrew Stunell: I strongly urge Sefton council to develop a stronger policy on tackling empty homes. I hope that with the incentives that we have provided—the new homes bonus, the investment in affordable housing and the £50 million available to tackle the worst concentration of empty homes—it will do exactly that. The matter that the hon. Gentleman raises really relates to issues in the national planning policy framework and his council's core strategy. I suggest that he watch this space.

Luciana Berger (Liverpool, Wavertree) (Lab/Co-op): Although dealing with empty homes is one way to address the housing crisis, what is the Minister doing to build more homes, particularly as the net supply, housing starts and housing completes have all fallen?

Andrew Stunell: First, we have commissioned a social and affordable housing programme, which will deliver 170,000 homes during this Parliament, resulting in more social and affordable homes at the end of this Parliament rather than a reduction, as happened under the Labour Administration. Secondly, the new homes bonus was paid out on approximately 160,000 new and returned empty homes in the past 12 months, and we are determined to increase that rate dramatically.

Private Rented Sector

3. **Alex Cunningham** (Stockton North) (Lab): What recent assessment he has made of value for money and standards for tenants in the private rented sector. [92056]

The Minister for Housing and Local Government (Grant Shapps): The English housing survey shows that standards in the private rented sector have continued to improve more rapidly than in other sectors. In most areas, renting remains more affordable than purchasing a home.

Alex Cunningham: Shelter's rent watch report 2011 found that, on average, private rents in 55% of local authorities in England were unaffordable for ordinary working families, and that 38% of privately renting families with children had to cut down on food to pay their rent. Many rogue landlords are still out there, providing appalling accommodation at poor value. What are the Government doing about those issues?

Grant Shapps: The hon. Gentleman is absolutely right to point out those issues. I am concerned to ensure that quality in the private rented sector is as good as possible, and I am undertaking work in that direction. It is worth considering, though, that satisfaction rates in the private rented sector are higher, at 85%, than those in the social sector, at just 81%.

Annette Brooke (Mid Dorset and North Poole) (LD): What is the Department's view on local landlord accreditation schemes, and what advice does he give on such schemes to local authorities?

Grant Shapps: Local accreditation and licensing schemes can be good value for local people. I attended a local accreditation in Welwyn Hatfield on Thursday evening. The scheme is very good and designed locally to address local problems; in our case, it happens to be a student population. That is the advantage of doing it locally: it can be fitted in with what the community requires.

Jack Dromey (Birmingham, Erdington) (Lab): Rents are soaring in the private rented sector, and too many rogue landlords are ripping off tenants, undermining reputable ones. Yet earlier this month the Prime Minister said that rents were falling, and the Minister for Housing and Local Government has put up for grabs the remaining tenant protections that he has not already scrapped. Will he explain why the Prime Minister is so out of touch that he thinks that rents are falling and why he believes that basic tenant protections amount to red tape, at a time when it has never been more important to regulate the private rented sector, in order to drive standards up and rogues out?

Grant Shapps: On the first point, I imagine that the Prime Minister was probably referring to recent surveys by LSL Property Services showing two-month falls in rent levels. Those might be partially seasonal, but nevertheless rents have been falling—we will see what happens in future months. The hon. Gentleman calls for greater regulation. I will tell him what happened when there was greater regulation in the private rented sector. There used to be rent controls, for which some of his colleagues, including Labour's London mayoral

candidate, are calling, but when they were introduced, the housing rented sector fell from 55% of the overall sector to just 8%. However, since rent controls were abolished in the late '80s, the market has doubled to 16%. I am afraid, therefore, that more regulation is unlikely to be the solution.

Tessa Munt (Wells) (LD): House owners have a duty to declare neighbour problems or disputes when selling their properties. Will the Secretary of State protect tenants in the private and social housing sectors in the same way by making it the law that landlords and agents must disclose neighbour problems when they enter into a new tenancy agreement, so that we do not have one rule for house owners and another for tenants?

Grant Shapps: My hon. Friend makes a good point. It is important that when people move they know what their neighbours are like, whether for social housing, properties purchased or in the private rented sector. I encourage everybody thinking about renting to use an agent that belongs to something like the Safe Agent Fully Endorsed scheme, which provides reassurance that some of these checks are being carried out properly.

Empty Properties

4. **Dr Sarah Wollaston** (Totnes) (Con): What steps he is taking to make (a) empty houses and (b) vacant properties above shops available for rent. [92057]

The Minister for Housing and Local Government (Grant Shapps): Our strategy for empty homes applies to all properties, including flats above shops, but we are also committed to revitalising high streets and shortly will publish the Government's response to the Mary Portas review.

Dr Wollaston: The South Hams is one of the least affordable places to live in the UK, with house prices on average 16.7 times the average income, and more than 1,200 households on bands A to D of the housing waiting list. What does the Minister plan to do to address these affordability issues in the South Hams?

Grant Shapps: My hon. Friend is right that for levels of non-affordability in many areas to have reached 16.7 times average earnings is unacceptable. The Under-Secretary, my hon. Friend the Member for Hazel Grove (Andrew Stunell), referred to the social house building programme and the 170,000 being delivered during this Parliament. She will also be pleased to hear about the provisional allocation, within the local authorities comprising her constituency, of more than £3.5 million under the new homes bonus, which will also encourage greater affordability when used to build more homes. We are also considering allowing homes over shops, and many other changes coming from the Portas review.

Mr Andrew Love (Edmonton) (Lab/Co-op): Will the Minister explain how dismantling the powers available to local authorities to deal with empty homes above shops—for example, the management orders have increased from six months to two years, and properties have to be substantially dilapidated before action can be taken—will help to deal with the problem?

Grant Shapps: There might just be a fundamental difference of opinion between Opposition and Government Members on this matter. The latter believe that private property should not be taken over automatically by the state just because somebody has gone on holiday or is working absent. There have been cases where people who have been working absent for six months have come back to find that their properties have been taken over. That is unacceptable, and we do not want that to happen. The hon. Gentleman is right that we have raised the limit to two years, but a range of tools is available to local authorities to get properties back into active use, and we are working actively on the empty homes programme. The Government are fully committed to getting properties back into use, hence the big drop in the number of empty ones.

Dr Andrew Murrison (South West Wiltshire) (Con): Given the Mary Portas review and the flagging state of many high streets in our small market towns, what more can be done to help change to residential the usage of redundant retail properties that, realistically, are unlikely ever to be used for retail purposes again?

Grant Shapps: My hon. Friend makes an excellent point. He will be aware that we are looking at making changes to the use class orders, through the national planning policy framework, to allow for greater flexibility. We have a good opportunity to allow some commercial properties to be more easily converted to homes, and I hope that will help with the ever-present pressures on housing in this country.

Council Tax Benefit

8. **Grahame M. Morris** (Easington) (Lab): What assessment he has made of the potential effects on lower-income households of his planned localisation of and changes to council tax benefit. [92061]

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): On 19 December my Department published an impact assessment setting out the Government's assessment of the impacts of the reform of council tax support.

Grahame M. Morris: The Secretary of State has told councillors that they have a "moral duty" to freeze council tax this year, but at the same time he plans a cut of £500 million, or 10%, to council tax benefit for the poorest, so that the only people to face rising council tax bills next year in constituencies such as mine will be the most deprived and the working poor. Why is he balancing the books on the backs of the poorest?

Andrew Stunell: The hon. Gentleman's original question referred to localisation and changes in level. I hope that he accepts that the localisation part of the proposal is absolutely right and fully consistent with what this Government are doing. The changes in level are necessary to tackle the deficit; they are part of the Government's deficit reduction programme. I would remind him that the bill for council tax benefit has gone from £2 billion a year, in 1997, to £4 billion a year. That is largely a product of the rampant rises in council tax during the 13 years of Labour Government, so it seems absolutely right that we should tackle the deficit in this way.

Geoffrey Clifton-Brown (The Cotswolds) (Con): Those on low incomes in Cirencester are suffering a double whammy. Their town council is increasing its precept by 4.7% and the police are increasing their precept by 2.9%, at a time when the district and county councils are making the tough decision to freeze council tax. Will my hon. Friend see what can be done to ensure that all precepting authorities keep their increases to a minimum?

Andrew Stunell: The Secretary of State has made the Government's point of view clear. He believes—and I believe—that local authorities and precepting authorities should behave with responsibility in these difficult times. I am sure that his words will have been heard, and I am happy to underline them from the Dispatch Box.

Mr Clive Betts (Sheffield South East) (Lab): Will the Minister confirm that localising council tax benefits in 2013 and cutting Government support by 10% will mean that if authorities that are strapped for cash cannot put extra money into the benefits scheme, if pensioners cannot have their benefits altered, and if councils have to take account of the tapers for people in work, those on council tax benefit who are out of work will see those benefits effectively cut by over 20%?

Andrew Stunell: First, may I thank the hon. Gentleman for his support for our localising the council tax benefit? Secondly, I do not recognise or accept that figure. If he looks at the impact assessment, he will see that he has grossly overstated the facts. In fact, the average weekly reduction in support will be £2.64 per household. I believe that is the right figure to be quoting in the House, not the one that he chose to use.

Michael Ellis (Northampton North) (Con): Council tax more than doubled under Labour, whereas the coalition has funded a council tax freeze for two years in a row. I support this Government's localism agenda. Does the Minister agree that it will be fairer for the general population as a whole under the current Government's scheme?

Andrew Stunell: Yes I do. I would make the point that with localism comes the capacity of local authorities to fine-tune the schemes in their areas to suit their local circumstances, and I would encourage local authorities to start to do that.

Helen Jones (Warrington North) (Lab): The Minister needs to accept that the scheme he is proposing is arbitrary and unfair, and hits the working poor most. How can he possibly justify cuts of between 13% and 25% in benefit for people of working age, and a switch from annually managed expenditure to grant, which means that any increase in claims will be paid for by cuts in benefit for the poorest people? Is it not time that the Government, who were prepared to accept a million-pound bonus for a banker, realise that they do not have the moral authority to inflict such cuts on the poorest people in our communities?

Andrew Stunell: I think that that was yesterday's soundbite—*[Interruption.]*

Mr Speaker: Order. The hon. Member for Northampton North (Michael Ellis) must exercise the kind of restraint that I am sure has characterised his distinguished performances in the law courts over many years.

Andrew Stunell: I should like to remind the hon. Member for Warrington North (Helen Jones) that the proposals in the Bill will give local authorities the capacity to vary the discounts on second homes and empty homes, and that there will be extra income for local authorities in that regard. There will be scope for efficiency and for the authorities to tailor their schemes to their local circumstances. I do not accept the point that she has made.

Business Rates

10. **Diana Johnson** (Kingston upon Hull North) (Lab): What assessment he has made of the possible effects on local authorities in deprived areas of his planned localisation of national non-domestic rates. [92063]

12. **Tony Lloyd** (Manchester Central) (Lab): What assessment he has made of the potential effect of his proposals for the localisation of business rates on regional inequality. [92065]

The Parliamentary Under-Secretary of State for Communities and Local Government (Robert Neill): Currently, local authorities see no financial benefit from delivering growth. Our proposals will create a strong incentive for all local authorities, wherever they are in the country, to promote growth, local enterprise and jobs. We will ensure that no council will lose out as a result of its business rates base at the outset of the scheme.

Diana Johnson: Recent estimates show that, after year 1 of the business rates reforms, Hull council could lose up to £45.5 million, on top of the cuts that it has already targeted. With richer areas such as the City of London and Westminster benefiting at the expense of places such as Hull, how will this policy help to rebalance the economy between the poorest areas in the north and the richest in the south?

Robert Neill: The hon. Lady neglects to mention that, throughout the period of the Labour Government, the economic position of the north deteriorated by 2%, while that of Greater London improved by 15%. Moreover, her city of Hull grew in excess of the national average over the past business rate period, as did Manchester, Leeds, Durham and Stockton-on-Tees. All those places will gain under our proposals; they did not do so under the system that her Government operated.

Tony Lloyd: It is astonishing that the Minister has just completely failed to address my hon. Friend's question. The poorer areas, which have already done badly under this Government in regard to their funding from central Government, are going to be even worse off unless they can guarantee to generate increased economic activity. Not every area can give that guarantee, however. Are these measures not simply going to make the poor poorer, and is that not morally unacceptable?

Robert Neill: I am sorry that the hon. Gentleman is not pleased that his Manchester constituency grew at about 6.9%, as opposed to a national average of 5%. He might also like to take on board the fact that a baseline will be set for all local authorities that takes into account their needs and resources at the beginning of the scheme,

and that they will thereafter be protected by the top-ups and tariffs that flow from the baseline being uprated in line with the retail prices index.

John Stevenson (Carlisle) (Con): Does the Minister agree that the localisation of business rates will result not only in local councils taking a greater interest in the activities of local businesses, but in local business people taking an interest in the activities and performance of their councils? Does he agree that that will help deprived areas as well as others?

Robert Neill: I entirely agree with my hon. Friend. The proposal has been welcomed by the Local Government Association, and—the hon. Member for Manchester Central (Tony Lloyd) might be interested to know—by the Association of Greater Manchester Authorities. It was of course one of the recommendations of the Lyons inquiry, which was set up by the previous Government, and then ignored by them.

Parking

11. **Ian Lucas** (Wrexham) (Lab): If he will undertake a comparative assessment of parking schemes in town centres. [92064]

The Minister for Housing and Local Government (Grant Shapps): The Mary Portas review on the future of our high streets recommended the establishment of a new league table for parking charges. We welcome the review and will publish our response to it in the spring.

Ian Lucas: Why do so many parking schemes across the country involve the use of parking machines that do not give change? When the Government make their assessment of the Portas review, will the Minister check to see what proportion of local authorities have parking machines that give change to the hard-pressed people who are suffering in these Tory times?

Grant Shapps: First of all, I should point out that planning—and therefore many of the changes to parking regimes—is devolved in Wales and Scotland. Furthermore, one of the first things this Government did was to remove Labour's incredible instructions to have only upward increases in parking charges and deliberately to build too few parking spaces in both residential areas and high streets throughout the county.

Mr Marcus Jones (Nuneaton) (Con) *rose*—

Ian Lucas: Answer! The Minister did not answer my question.

Mr Speaker: Order. We must have order, however angry and irate is the hon. Member for Wrexham (Ian Lucas). He is shouting out that he has not had an answer to his question, but if that were to legitimise that sort of ranting, there were would have been permanent ranting in the House of Commons under successive Governments over the last 100 years. We cannot tolerate it.

Mr Jones: Excessive car parking charges are a tax on our town centres and high streets. Does my right hon. Friend believe that the implementation of free control parking schemes in many of our town centres would put us on a level playing field with out-of-town stores and therefore start to rejuvenate our town centres and high streets?

Grant Shapps: My hon. Friend is right. Key is ensuring that local and sensible plans are in place to ensure that people can arrive at a town centre, shop and not be exposed to unreasonable charges. I encourage all local authorities to think about their local economy—something that should be much easier to do when they know that they are going to be keeping the business rates in future.

National Planning Policy Framework

13. **Angela Smith** (Penistone and Stocksbridge) (Lab): When he plans to publish information on transitional arrangements in respect of his national planning policy framework. [92066]

The Minister of State, Department for Communities and Local Government (Greg Clark): We are committed to publishing the national planning policy framework by the end of March, having taken account the consultation responses, and the framework will include transitional arrangements.

Angela Smith: I am glad to hear the Minister say that, as there have been reports that the Government are minded to introduce a transitional period of 18 months. Will he confirm what the transitional period will be—how much time will be allowed? Will he also explain why Members and local authorities have had to learn some of the details from the media?

Greg Clark: I would be keen to understand that myself. We made a commitment that we would consult and listen to the responses, and the transitional arrangements were included. I gave a commitment to work closely with the Local Government Association on the transitional arrangements, and we are having those conversations.

Miss Anne McIntosh (Thirsk and Malton) (Con): Will the Minister confirm that the transitional arrangements will cover the application of PPS25 to properties at risk of flooding, and that all the reassurances given under PPS25 will continue into the permanent arrangements afterwards?

Greg Clark: Clearly, the protection of properties against flooding is important to the whole country, and not least in my hon. Friend's constituency. We are working on the transitional arrangements to ensure that there is no gap between the current regime and the new regime.

Roberta Blackman-Woods (City of Durham) (Lab): In connection with the transitional arrangements to the national planning policy framework, will the Minister update us on village greens? Last year, in his speech to the Conservative party conference, the Secretary of State spoke glowingly about his determination to protect village greens, so why does he now have plans to charge local communities £1,000 just to start the process of protecting them? Is the policy of a grand for a green going to continue?

Greg Clark: I had not spotted the hon. Lady at our party conference, but she would be a welcome visitor at any time. The consultation on village greens is being taken forward by DEFRA. What we have consulted on in the national planning policy framework is a new designation of local green space, which will make it open to every authority for the first time to protect locally valued green space in the same way as the green belt. We shall respond to that consultation shortly.

New Homes Bonus

14. **Iain Stewart** (Milton Keynes South) (Con): What his timetable is for the next allocations of the new homes bonus. [92067]

16. **Amber Rudd** (Hastings and Rye) (Con): What his timetable is for the next allocations of the new homes bonus. [92069]

The Minister for Housing and Local Government (Grant Shapps): The Government will shortly announce the final new homes bonus payments for 2012-13. These were provisionally estimated in December at £430 million.

Iain Stewart: Will my right hon. Friend congratulate Conservative-run Milton Keynes council on its innovative plans to use part of a new homes bonus to acquire land assets from the Homes and Communities Agency, which will help to stimulate both more housing regeneration and economic growth?

Grant Shapps: Yes, absolutely. My hon. Friend's council in Milton Keynes is a shining beacon of housing growth and delivery, which puts many other councils to shame.

Amber Rudd: Towns such as Hastings have almost no new land for the building of new homes, but we are encouraged by the new homes bonus to tackle derelict buildings and are doing it well, despite—if I may say so—being controlled by a Labour council. Does my right hon. Friend agree that that social bonus is as welcome to communities as the additional financial bonus?

Grant Shapps: I entirely agree. In the last year 85 homes in Hastings have been brought back into use, which is indeed welcome. It is essential for us to reverse the catastrophic policies that, under the last Government, led to the lowest level of house building since the 1920s.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): May I draw the House's attention to my interests contained in the Register of Members' Financial Interests?

According to the Minister's answer to a written question that I submitted on this subject recently, more than 70% of all homes qualifying for the new homes bonus in Kensington—one of the richest and most expensive parts of the country—are in council tax band A, which means that in 1991 their rateable value was less than £40,000. No developer or housing association director to whom I have spoken believes that it is possible to build a one-bedroom flat with that value, and some do not think that it is possible even to build a broom cupboard with that value. Is the Minister's much-vaunted new homes bonus scheme delivering what it is supposed to deliver, or is it simply encouraging the reclassification of existing multi-occupied houses?

Grant Shapps: I know that the architect of the previous system does not like the new homes bonus, but I have to say that he is very mistaken about its impact. Nearly 160,000 new homes have been built—*[Interruption.]* Twenty-two thousand were brought back into use in the past year. I also know that the right hon. Gentleman is convinced that the new homes bonus does not benefit the right kind of homes, but I can tell him that two thirds of all new homes have been between bands A and C, which is exactly in line with the normal averages. The new homes bonus is rewarding homes throughout the country, and he should welcome the increase in house building.

Graham Jones (Hyndburn) (Lab): The Minister will be aware that east Lancashire has received some of the lowest new homes bonus payments for the second year running. He will also be aware that there are more properties than people in the region, and that given such a market it is very difficult to build new properties. What is he going to do about the problem? It is not possible for us to receive the necessary amount of money in Hyndburn, yet we are paying into the pot year after year and losing out. Is this not just another example of "Take from the north and give to the south"?

Grant Shapps: The hon. Gentleman and I have had many discussions about the issue, and he will know that his local authority is being paid for homes that are returned to use when they have been empty for a long time. I should have thought that the new homes bonus money would be welcome and useful to him in that regard. Moreover, his area has just received all the housing market renewal money for which it asked, but I did not hear him say thank you.

European Regional Development Fund

15. **Julian Smith** (Skipton and Ripon) (Con): What steps his Department is taking to ensure the efficient approval of applications to the European regional development fund. [92068]

The Minister of State, Department for Communities and Local Government (Greg Clark): The Government have improved the management of the ERDF. We have already saved the taxpayer £100 million on the last programme, and two thirds of the way through the current programme, two thirds of the funds have been allocated.

Julian Smith: I thank the Secretary of State for using his weight to sort out the recent problems involving broadband and ERDF funding. Will he confirm that the North Yorkshire project and pilot can proceed to the next stage of the ERDF funding application?

Greg Clark: The Secretary of State has indeed been helping in the negotiations with the European Commission to ensure that there is more flexibility on broadband

projects, which is absolutely right. I understand that Connecting North Yorkshire will proceed with those plans forthwith.

John Healey (Wentworth and Dearne) (Lab): Does the Minister accept that the big block on the approval of applications is the failure to provide the match funding that is needed for many investments to boost jobs and growth? There is £245 million going begging that is earmarked for Yorkshire. What is the Minister going to do about match funding?

Greg Clark: The right hon. Gentleman is incorrect. The allocations that have been made are on track, and the correct proportion have been made for this point in the programme. Many match-funding opportunities are available, and they are being taken up, not least in Yorkshire. The chaos caused by the previous administration of the programme lost £100 million of taxpayers' money that could have been invested, but by making the changes that we have made, we have saved that money for the taxpayer.

Troubled Families

17. **Heidi Alexander** (Lewisham East) (Lab): What progress the Troubled Families Team based in his Department has made in its work. [92070]

19. **Damian Hinds** (East Hampshire) (Con): What steps he plans to take to tackle the problems of the most troubled families. [92072]

The Secretary of State for Communities and Local Government (Mr Eric Pickles): In December, the Prime Minister announced a £448 million programme to turn around the lives of 120,000 troubled families. So far, more than 95% of upper-tier local authorities have engaged with the programme. Local authorities have begun to recruit a local troubled families co-ordinator, and to pull together their own list of local troubled families. We have also been able to offer each area £20,000 to help it to prepare for the programme.

Heidi Alexander: The funding for the troubled families initiative involves councils covering 60% of their costs up front and central Government picking up the tab for the remaining 40%, albeit on a yet-to-be-defined payment-by-results basis. Merrick Cockell, Conservative chairman of the Local Government Association, describes this model as "doomed to failure". Does the Secretary of State agree with him?

Mr Pickles: The hon. Lady has, I am sure accidentally, given a partial quote. Sir Merrick is, of course, completely behind our approach, and was laying out a theoretical example that we are not adopting. We do not expect the entire 60% to come from local authorities' moneys; we expect some of it to come from other agencies, and indications so far suggest that that will be successful.

I listened carefully to the hon. Lady's questions to the Select Committee, and should she want to be actively involved, let me say that it is my intention that things will be handled on an all-party basis and that she will be most welcome to make a contribution.

Damian Hinds: Some 55,000 of the 120,000 most-troubled families have children with behavioural problems. How will the work being done to deal with problems such as serial truancy dovetail with other initiatives dealing with parenting and early intervention?

Mr Pickles: Probably about 65% of those 55,000 cases involve truancy issues, while others involve criminal convictions and special educational needs. The purpose of this initiative is to pull all the various interventions and programmes together so that we can, at last, tackle these issues. I have found from talking to council leaders of all political parties that we all recognise that we must solve these problems, and this is our big chance to work together to do so.

Housing (Affordability)

18. **Dr Alan Whitehead** (Southampton, Test) (Lab): What assessment he has made of recent trends in housing affordability. [92071]

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): The housing strategy recognised that affordability has significantly deteriorated in recent decades. Under-supply of housing is a major factor. The strategy announced an ambitious package of measures to boost house building, including the £420 million get Britain building fund, the release of public sector land and a new-build mortgage indemnity scheme.

Dr Whitehead: Is the Minister aware that the average family in Southampton would have to spend nine times its salary in order to purchase an average house in the city, and that, based on rent as a proportion of median income, Southampton's private sector rents are also deemed very unaffordable? How does he intend to take people out of this trap, given that even if the Government's affordable housing programme works it will produce only 70% of what the Labour programme produced in its last five years?

Andrew Stunell: I thank the hon. Gentleman for his question. I should perhaps point out to him that we have a programme for 170,000 social and affordable homes by the end of this Parliament, which will leave the country with a net addition to the amount of social and affordable housing, unlike the 220,000 fall in such housing during Labour's period in office.

I should also point out that the most important thing we are doing is stabilising the financial situation of this country and keeping interest rates low. The combination of policies the coalition Government are following will produce the results that the hon. Gentleman and I both want.

Housing (Veterans)

20. **Gordon Henderson** (Sittingbourne and Sheppey) (Con): What steps he has taken to support former members of the armed forces in relation to housing. [92073]

The Minister for Housing and Local Government (Grant Shapps): I am determined to help current and former members of the armed forces gain the housing they

deserve. Among the several measures I am taking, I have given service personnel priority for the Government's affordable home ownership schemes, including Firstbuy, and I am consulting on proposals to change the law to make it easier for service personnel to access social housing.

Gordon Henderson: I welcome the Minister's reply. Will he join me in congratulating UK Homes 4 Heroes, which supports homeless ex-service personnel? In order to see the great work that that charity is doing for our brave ex-servicemen and women, will he consider visiting a base for the charity's outreach programme that is opening in my constituency in March?

Grant Shapps: I congratulate UK Homes 4 Heroes, which does a tremendous job. I know that 16 very dedicated people work with that charity. I also congratulate all the other charities across the country that do such great work for homeless and returning personnel. Last year I held a housing summit as part of the military covenant to try to ensure that we do everything possible to ensure that housing for people who return from having fought for this country is a No. 1 priority.

Simon Kirby (Brighton, Kemptown) (Con): Does the Minister agree that it is vital to consult all organisations that represent ex-service personnel when framing housing policy that affects them?

Grant Shapps: Yes; my hon. Friend is absolutely right. I mentioned the housing summit a moment ago, and I invited a range of service organisations to represent those personnel. It is important to get their ideas. I have also recently written to two service organisations to invite further contributions and all ideas are welcome, so I extend that invitation across the House.

Topical Questions

T1. [92079] **Charlotte Leslie** (Bristol North West) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for Communities and Local Government (Mr Eric Pickles): I congratulate the 150 local authorities that have already signed up and intend to take the council tax freeze. I expect those numbers to grow as the weeks progress. On a more sombre note, I thank Members of the House for their contributions to the commemoration of Holocaust memorial day. It is very clear to me, looking at the various events that have taken place around the country, that Members of Parliament have been very heavily involved. It is important for us, at all times, to speak up and speak out against extremism and hate.

Charlotte Leslie: Will the Minister outline the measures he is taking to ensure that front-runner schemes, such as the Lockleaze front runner project in my constituency, have sufficient expertise, resources and actual power to do what they are remitted to do? Will he meet representatives of the project in my constituency?

Mr Pickles: Obviously, neighbourhood planning is a radical new right that gives communities and businesses real power in deciding the shape of the place. We will be providing £20,000 for each of the front-runner projects so that they can get on to the front foot. Should my hon. Friend wish to be involved and to meet me or my right hon. Friend the Minister of State, she would be more than welcome.

Hilary Benn (Leeds Central) (Lab): The Secretary of State is on record as saying that he is determined to help those facing the "frightening prospect of repossession", yet the Government are making that prospect more likely for many hard-pressed families. The number of forced repossessions, in which the bailiffs come in, has risen by 27% since he took up his job. What is he going to do about it?

The Minister for Housing and Local Government (Grant Shapps): Any recession or downturn has a very long tail. When there are pressures such as those we see in the world economy, one can understand how household budgets are under pressure. That affects repossessions. It must be said that had interest rates not stayed at 0.5%—something that has been possible only because we have cut the deficit, because we have been working to cut the deficit and because we have had a credible plan to do so—and had the previous Government remained in power, we would surely have seen great numbers of people facing repossession.

Hilary Benn: I am sorry that the Secretary of State was not able to answer for himself. People want not excuses but help. The Secretary of State knew that there would be a problem, because he sent a letter to No. 10 last year to say that there would be an increase in the number of people who would lose their homes. However much he tries to disown that letter, is it not the case, whether it is because of benefit cuts that threaten more people with the loss of their home, the collapse in affordable housing starts or a Housing Minister who seems to believe that council housing is a "stagnant option for life", that the only thing families can look forward to is more and more insecurity?

Grant Shapps: First, the Council of Mortgage Lenders said that there would be 40,000 repossessions last year, but there were fewer than that; they came in at 36,000 or 37,000. I should have thought that that would be welcomed, even by Opposition Members. I understand that the right hon. Gentleman is tempted to go back to old letters, but that letter has already been proved wrong in several different ways, including the fact that its main concern was the number of affordable homes that would be built. We now know that rather than 150,000, 170,000 will be built. I should have thought that he welcomed those moves rather than going back to old letters that have already been discredited.

T3. [92082] **Tony Baldry** (Banbury) (Con): Will my right hon. Friend instruct the Planning Inspectorate that in considering whether a local authority has made adequate provision for housing over a five-year period it should take into account all the extant granted permissions for housing that a local authority has given, irrespective of whether construction work on such housing has started?

The Minister of State, Department for Communities and Local Government (Greg Clark): My hon. Friend makes an excellent point. We want to strengthen the sovereignty of local plans and it seems to me that if

councils have done their bit by granting planning permission, that ought to be taken into account by the Planning Inspectorate. I will certainly make sure that that point is reflected in the new framework on which we are consulting.

T2. [92080] **Alex Cunningham** (Stockton North) (Lab): What briefing does the Minister plan to give to the Prime Minister to ensure that he knows that, contrary to what he has repeatedly suggested in statements, rents are, apart from the odd small drop, continuing to rise across the country, hitting hard-pressed families? The Prime Minister needs to know.

Grant Shapps: It is absolutely true that rent rises are of concern and put a lot of pressure on people, but it is also true that private sector rents did not rise at the same pace as mortgage costs right up to 2007, so to some extent the market has been catching up with house prices. However, the hon. Gentleman is wrong to say that it is only one month of drops, because LSL has reported a second month of drops in rent prices.

T5. [92084] **Mark Menzies** (Fylde) (Con): Given that the Fylde borough council local plan will not come into force for a couple of years, what assurances can my right hon. Friend give me and my constituents that we will not see a stampede of planning applications in the meantime?

Greg Clark: I certainly encourage my hon. Friend's council to make all speed in producing its plan, as it is desirable that there should be a plan in place. However, the transitional arrangements that we will put in place will make sure that councils that are doing the right thing by planning for the future of their area will not be disadvantaged.

T4. [92083] **Mr Adrian Bailey** (West Bromwich West) (Lab/Co-op): The Minister's Department estimates that neighbourhood plans could cost each council up to £63,000, but each council could receive only £20,000 at best. Given that both council planning and planning aid budgets are being cut, will the Minister explain just how these will be implemented without diverting scarce resources from other much-needed services?

Greg Clark: We have put funds aside to make sure that there is support for communities in preparing neighbourhood plans. In fact, we have another round of front-runners. We have been deluged with applications to get on with neighbourhood planning and we have heard examples of that from across the House today. We will make sure that there is support for all these communities.

T6. [92085] **Paul Maynard** (Blackpool North and Cleveleys) (Con): I am sure that my right hon. Friend will join me in praising the contribution that many indoor markets across the north of England make to our local communities, including Cleveleys and Bispham in my constituency. Will he update the House on the progress he is making on implementing the recommendations of the Mary Portas review?

Grant Shapps: I am pleased to tell my hon. Friend that we will have a Government response to the Mary Portas review by spring. We have also backed the "Love your local market" fortnight, working with the sector, and I know that there are many excellent markets across the north of England, including in his own patch.

T7. [92086] **Pat Glass** (North West Durham) (Lab): I met the chief executive of Dale and Valley Homes in my constituency on Friday, when he told me that nearly a quarter of his tenants will be hit by the bedroom tax. He said that many of those people are not on benefit but are working and are on a low-income or minimum wage, and that he has no smaller houses to move them on to. What does the Minister say to my constituents who risk losing their home or being driven out of minimum-wage jobs on to benefits as a result of the reforms?

Grant Shapps: The hon. Lady points to an unnecessarily miserable view of the changes being made, which have the overwhelming support of this country. Things have to be the same for those on welfare as for those in work and, as Members will know, there are many people in their 20s and 30s who share properties—not rooms but properties—and the same should be the case for those on benefits.

T8. [92087] **Gordon Henderson** (Sittingbourne and Sheppey) (Con): Last week, Thames Steel in my constituency went into administration with 350 workers being made redundant. That is another employment blow for the Isle of Sheppey, which already has above-average unemployment. Will my right hon. Friend consider designating Sheppey as an enterprise zone so that we encourage more firms into the area?

Mr Pickles: It is relatively easy to create an enterprise zone without the Government's help. All that is required is a local development order, which the council can provide, and deals on superfast broadband, which the council can put together. Councils now have the ability to discount business rates. If my hon. Friend would like to come to see us, I shall put my Department at his disposal to take him through the process to help his local council.

Mr Jack Straw (Blackburn) (Lab): Is the Secretary of State aware that some developers, including Peel Holdings, which has a small retail park in Whitebirk, between Accrington and Blackburn, appear to have aggregated a series of minor planning permissions gained over the years for minor modifications to existing planning permissions to claim that they are entitled to a lawful development certificate justifying a major change of use? Does he also accept that that practice appears to run contrary to, and potentially undermines, his entirely commendable approach to strengthening high streets?

Mr Pickles: I am grateful to the right hon. Gentleman for giving me notice of his question. The whole process of securing small plots of land within a larger plot under change of use and making minor modifications is normal and, by and large, it works reasonably well. However, a local authority can take into consideration the cumulative effect on the larger plot in looking at those individual applications. If it appears to the local authority that the developer has abused the system or has taken a number of measures that will affect the whole, it is perfectly possible to take that into consideration.

T9. [92088] **Mr John Leech** (Manchester, Withington) (LD): Under planned housing benefit changes, more than 2,000 of my constituents in social housing are expected to move to accommodation outside the social rented sector. They will be forced to move to smaller, more expensive accommodation in the private rented sector, thereby increasing the housing benefit bill. Is it not about time that the Minister for Housing and Local Government, along with the Department for Work and Pensions, scrapped those ludicrous plans for existing tenants?

Grant Shapps: The context of the housing benefit changes in particular need to be taken into account. The housing benefit bill was only £14 billion 10 years ago. It is now £21 billion, and left unchecked it would be £25 billion by the end of this Parliament. We propose to ensure that it does not increase to more than £23 billion. That is the scale of the changes—not £25 billion but £23 billion. Opposition Members seem to be disagreeing today. In the past week, they have agreed, then disagreed, then agreed, then disagreed. The House has a right to know where they stand on this matter as well.

Alison Seabeck (Plymouth, Moor View) (Lab): I draw the attention of the House to my indirect interest in those registered by my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford).

May I take the Minister back to his answer to my right hon. Friend the Member for Leeds Central (Hilary Benn)? Will he give a straight yes or no—very simple—on whether he expects the number of forced evictions in the private rented sector to increase in the coming year?

Grant Shapps: The answer is that I very much hope that the number does not increase, and there is a very large sum of money—about £200 million—available for the mortgage rescue scheme. We are doing everything we can to ensure that people stay in their home, including encouraging people to seek early help and advice. In fact, I held a meeting of the home finance forum only last week in conjunction with the Treasury and the sector. The single greatest thing that we can do to keep people in their home in this country is to cut the deficit.

James Morris (Halesowen and Rowley Regis) (Con): I think it is fair to say that there has been a healthy debate about the contents of the national policy planning framework, but does the Minister agree that there is an urgent need to press ahead with simplification of the framework so that we can secure the sustainable development and economic growth that we desperately need in this country?

Greg Clark: I do agree with that. My hon. Friend is a member of the Select Committee on Communities and Local Government, which considered the matter, and it concurred that it was necessary and desirable to simplify the planning system that has grown to such an extent that it holds back growth and gets in the way of local people participating in the future of their neighbourhood.

Steve Rotheram (Liverpool, Walton) (Lab): It is nearly two years since this nightmare coalition was thrown together, yet we are still waiting for it to implement the regulations stemming from the Sustainable Communities Act 2007. To quote a twice delivered speech in the Chamber, if not now, when?

Greg Clark: An announcement will be made about the Sustainable Communities Act regulations very shortly.

Duncan Hames (Chippenham) (LD): I thank the Minister for that answer and note that a quarter of the recommendations in the Portas review were suggestions that had been put forward under the Sustainable Communities Act. When bringing forward those regulations, will he ensure that town and parish councils have the right to make suggestions directly to the Government under the Act, rather than having to depend on county councils to act as unnecessary gatekeepers?

Greg Clark: My hon. Friend is absolutely right. We have opened up the Government to receive representations directly from all members of the community, whether community groups or individuals, rather than them needing to go through a filter before arriving with the Government.

Sheila Gilmore (Edinburgh East) (Lab): I would like to give the Housing Minister a third opportunity to give a straight answer on the bedroom tax. The real reason housing benefit has risen so much is the growth of the private rented sector, so why are council and housing association tenants being told to leave their homes or take a benefit cut?

Grant Shapps: A whole range of protections is in place, including the fact that people can choose to bridge the gap themselves. If they cannot do that, a discretionary fund of £190 million is available. If that does not work, by definition a third of properties within the local housing area are available. There are just some decisions that cannot be delayed, and it must be right that people who are in receipt of different types of benefits, whether social housing or housing benefit, have to make the same decisions as people who rent or own privately.

Zac Goldsmith (Richmond Park) (Con): Many of my constituents are wondering what the point is of local elections when so many decisions taken by the elected local authority, and supported by the majority of people, are simply overruled by remote authorities. Given that the referendum clause has been deleted from the Localism Bill, what hope can my constituents have that we will see a genuine shift in favour of local democracy?

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): I draw my hon. Friend's attention to the referendum carried out in Salford last Thursday. Local residents convened a referendum on whether the local authority's system of governance should be changed and got a positive result. It is entirely possible for local residents to take control of the governance of their local authorities should they wish to do so.

Mr Andy Slaughter (Hammersmith) (Lab): The chief executive of Hammersmith and Fulham borough council recently retired. Thanks to a pay rise of £11,000 last year, which took his salary to £281,000, the Library calculates that he will receive a pension of £100,000 and a tax-free lump sum of £250,000. When the council is cutting Sure Start by 50%, is this a good use of public money?

Mr Pickles: I am sure that the answer is no. I am pleased that the level of chief executive remuneration has dropped by 14% and that 25% of chief executives have taken a voluntary pay cut. I am also pleased that Hammersmith and Fulham is reducing its council tax for the fourth year running.

Victims and Witnesses Strategy

3.32 pm

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): Today I have laid before Parliament a consultation on far-reaching plans to improve the way our criminal justice system deals with victims of crime. Proper protection and support for those who have suffered at the hands of criminals is a fundamental part of a civilised justice system, yet ours is falling short in some respects. Victims of crime should be able to rely on justice that is not only swift and sure, punishing offenders properly, but intelligent and effective. That means, among other things, a system that promotes reparation, requiring criminals to make amends to victims and society for the wrongs that have been done, and a system in which compensation is focused on serious cases and is not available to those who have themselves committed crime. Current arrangements do not always measure up well against those ideals.

There has been a good deal of criticism recently about the experiences of victims in the aftermath of a crime. For one reason or another, a consistently high standard of victims' services is not available all over the country. The Government have a responsibility to ensure that practical and emotional support to help victims recover from the consequences of crime is provided when required. Of course, high-quality counselling and practical support costs money and perpetrators of crime should, wherever possible, contribute to the costs instead of taxpayers having to pick up the entire bill.

The process of justice, as experienced by the victim, also needs to improve. Investigation and trial involve inevitable stresses, but it is unacceptable that victims still frequently report being told too little, too late about the progress of their case, or being expected in court to sit next to the families of offenders. It adds insult to injury that, if something goes wrong in the process, victims have to choose between 14 different routes of complaint. Victims have already been badly hurt by crime. The system should not be rubbing salt into the wounds.

Finally, in this list of matters that we are addressing, there is compensation. In my view, no amount of money can make up for the injury or emotional trauma that often results from a crime. The criminal injuries compensation scheme, since it was set up in 1964 and then reformed in 1996, has offered a measure of support from the taxpayer to victims of crime. Successive previous Governments, almost from the first, have never been able to ensure that the scheme has been properly funded, and this has had the wholly undesirable consequence whereby claimants can wait months and, in some cases, years for the process to run its course and payments to arrive. Meanwhile, millions of pounds have been spent compensating people for minor injuries such as sprained ankles and broken fingers. Even more perverse is the fact that over the past decade more than £75 million has been paid in compensation to 20,000 claimants who are themselves convicted criminals. It is no surprise that the scheme, in its current form, is not sustainable.

The consultation published today seeks views on a set of reforms to deliver a more proportionate, speedy and effective system to provide for the needs of victims of crime. I want to see a system that prioritises high-quality practical help to people in the aftermath of the crime, whereby we sort out compensation so that it is targeted at the most serious cases, and whereby criminals contribute to the costs of victims' services, instead of being able to make claims as if they were blameless, law-abiding victims of crime themselves.

I propose therefore that we will introduce a new victims code, so that victims know what to expect during the investigation and trial process, and know where to turn when things go wrong; we will set out plans to make improvements to the practical and emotional support available to victims, raising up to £50 million from the perpetrators of crime through the victims surcharge and financial penalties; we will move decisions about local priorities for most victims' services away from Whitehall, so that the vast majority of funding is in the hands of democratically accountable police and crime commissioners; and we will reform the criminal injuries compensation scheme, so that it is sustainable in the long term.

Compensation should be focused on those with serious injuries that have long-term or permanent consequences. We propose therefore that the top 13 bands—more than half the tariff bands—covering the most serious injuries continue to be compensated at the current level. We will also protect tariff awards at lower levels, if necessary, for the families of homicide victims, and awards for sexual crimes or persistent physical abuse.

In order to offer that protection, and to fund the scheme sustainably, we propose to reduce or remove awards for those with less grave injuries. Injuries such as sprained ankles, broken toes or bruised ribs, from which people tend to recover fairly quickly, will no longer be covered at all. In a further step, those who have committed crimes against others and have unspent criminal convictions will, in most cases, no longer be eligible to seek taxpayer compensation when others commit crimes against them.

The overall ambition of the changes is that total spending levels on victims—compensation, counselling and support—should remain the same. However, I believe that the proposals we are consulting on today will mean that finite funding is used more wisely. Instead of compensation going to those with less serious injuries and to those who have broken the law, it will be targeted where it counts most—on the most serious injuries. The support services, which many victims need as much as or more than compensation, will be available when required, paid for as far as possible by offenders and not by the taxpayer.

For families bereaved by homicide and those affected by serious violent and sexual crimes, the reforms will move compensation on to a sustainable footing and at the same time improve the quality and availability of practical support and advice. This constitutes intelligent, radical reform to sort out a system that is not working well and it will give a better deal to victims.

I wish to make good on the previous Government's commitment—on which we agreed—to compensate victims of overseas terrorism. I believe that it is important that British victims of terrorist attacks abroad should in future qualify for compensation on a similar basis to victims of domestic terrorism. From April, we will make ex gratia payments to victims of past incidents, going back to 2002, on the basis of the current CICS tariff, as the previous Government proposed. I recognise the concern that was caused by the delay in confirming

[Mr Kenneth Clarke]

the details of these schemes and I thank all those who waited patiently for the announcement while the detail was being worked out.

Despite improvements introduced by successive Governments, victims still too often feel let down by the criminal justice system, yet they are the people to whom we have the greatest responsibility. Their needs should be dealt with sensitively, proportionately and promptly. I believe that the proposals that we are setting out today will ensure that victims' services are on a more sensible and sustainable footing, and will go a long way to putting right the failings of the past. I commend the statement to the House.

3.41 pm

Sadiq Khan (Tooting) (Lab): First, I thank the Justice Secretary for his usual courtesy in giving me advance sight of the statement, albeit a much-delayed statement that it has taken the Government 20 months to draft.

Our attitude towards victims should always be at the top of our priority list. Quite simply, without victims and witnesses there would be no justice system. Without victims having confidence that our justice system will effectively punish and reform offenders, fewer would report crimes or come forward with evidence as witnesses. That is one reason why we have a basic duty to treat victims of crime and witnesses with the dignity that they deserve.

Sometimes it is the little things that make a big difference, such as ensuring that victims and witnesses have court proceedings explained to them, so that they understand how the trial is progressing. However, sometimes it is the bigger things that matter, such as giving them the support that they need to recover from the trauma of a crime, or ensuring that sentencing is transparent and fair in delivering effective punishment. Many of those things do not cost anything.

As a result of Labour's record on crime, there were 7 million fewer crimes a year by the time we left government in 2010 than in 1997. There were therefore countless fewer victims of crime. That is the most sure-fire way in which we can help. We must have policies backed up by adequate resources to ensure that people do not become victims in the first place.

This Government's policy on law and order is all over the place. The way they treat victims of crime is a prime example. Over the past 20 months, their policies on bail, sentencing, the chief coroner, domestic violence and rape have shown them to be out of touch with victims of crime in this country.

I welcome the fact that, after nearly three years in government, in April 2013 the Justice Secretary will finally honour the commitment to compensate innocent victims of overseas terrorism. However, the time that it has taken to come to that decision, despite cross-party support, is shameful. Will he confirm that the funds for that policy will not come from the resources destined for victims of crime in this country?

On the Criminal Injuries Compensation Authority, the Justice Secretary focused on the £75 million that has been paid to those with unspent convictions, which was just 3% of the total over the past 10 years. Will he confirm that there will be no further cuts to the CICA budget?

I put it on the record that we continue to support the victims surcharge, which was introduced by the previous Government and under which offenders work and pay towards victims' services and victims. Will the Justice Secretary assure the House that none of the services that are funded by the surcharge will face cuts because of the additional surcharge that he referred to, which will go to the CICA?

As well as presiding over a 43% reduction in crime, Labour sought to improve the experience of victims in the justice system. To be fair, the 98-page White Paper lists some of the advances made over the 13 years of a Labour Government. I am already on record as saying that Labour would commit to working with victims groups and the Government to introduce a victims law so that the rights of the bereaved families of homicide victims were honoured, and I am pleased that the right hon. and learned Gentleman has announced a victims code today. I am pleased also that he has taken on board the announcement that I made at the Labour party conference—I have no problems with his stealing our ideas, I just hope that he will go the whole distance and ensure that the code is enshrined in statute and not just another unenforceable and ignored code of practice.

We have a duty to support victims through all stages of the process, and today's strategy will be judged against that duty. My fear is about whether the Government will be able to deliver the justice that victims in this country deserve, bearing in mind their record over the past 20 months. I hope that I am wrong.

Mr Clarke: The right hon. Gentleman first touched on the arguments that we have been having on a wide range of other justice and sentencing issues, and on one or two subjects on which I was not aware that we had any differences on policy. The fact that he started on that basis rather led me to believe that he was not really very opposed to a great deal of what we have put forward in our consultation document.

I shall deal with the right hon. Gentleman's specific questions. We are able to go ahead with terrorism compensation. I quite accept that it has taken some time since it was announced, and supported by us, during the time of the previous Government. We are putting it on exactly the same basis as the domestic CICS, and the time has been taken up getting the details of that scheme right. The domestic compensation scheme was left to us with an enormous financial deficit, and we are striving to make it sustainable and financeable, I hope without significant further change, in a way that it has never really been since it was first introduced back in the 1960s.

The right hon. Gentleman asked whether I could guarantee that there would be no further reductions in criminal injuries compensation. As I have just said, I very much hope there will not be. The scheme was set up in 1964 and ran into financial difficulties almost straight away. It was altered in 1996, and the last Government kept consulting on it but not doing very much. By one measure, when I took over from my predecessor there was an unfunded deficit of £750 million. We have had to find a lot of extra money from the

Treasury to deal with unfunded pre-tariff liabilities, and we are trying to put the matter on a set footing for the future.

The victims surcharge will be raised in a fairer way, and I do not think there is any question of any cuts being made. At the moment the surcharge is levied only on those who pay fines. It is fair that it should be levied also on those who go to prison or serve community sentences, and that is how we are changing it. We hope to get a substantially bigger contribution from those who commit a crime, to compensate the people who have suffered from it.

As we move the detail of the current services to local responsibility and to the new police and crime commissioners, we will still provide specialist services for bereaved families nationally. We have put extra money into that, and into specialist groups, on Louise Casey's recommendation, but we will not reduce the support for Victim Support. Support will be provided more locally and sensitively by the commissioners, who will have to build up partnerships with a lot of local agencies. We have of course done such things as putting extra money into rape support centres to open some new ones and give the current ones long-term funding security for the first time.

I concede that the last Government made considerable improvements on victims and witnesses during their term of office. Awareness of the inadequacies of how the criminal justice system dealt with victims and witnesses began to grow in the '80s and '90s, and it has been a fairly continuous process from the early 1990s onwards. However, we are making a significant step forward. As I said when I began my reply, I believe that the right hon. Gentleman and his hon. Friends will find it quite difficult to find very much with which they disagree.

Anna Soubry (Broxtowe) (Con): I agree with and support today's announcement of these reforms, but does the Lord Chancellor agree that nothing in them will stop the victims of crime receiving compensation directly from the offender when sentence is passed? Some would say that that is at the very heart of the Legal Aid, Sentencing and Punishment of Offenders Bill, which is currently going through the other place.

Mr Clarke: We are seeking to make it more of an obligation on the court to consider making a compensation order for the victim when they appear for a crime. We are also trying to address ways in which we can improve the collection of that compensation so it can be paid over. My hon. Friend touches on what ought to be a key feature of the justice system, and one that needs to be improved.

Keith Vaz (Leicester East) (Lab): Six months on from the riots last August, only 42 people have received compensation under the Riot (Damages) Act 1886. The Home Affairs Committee report suggests that there should be a review of the victims surcharge. Is that part of the Lord Chancellor's strategy? Does he agree that compensation should go directly to the victim rather than to a general fund?

Mr Clarke: The victims surcharge has always been separate from orders for compensation for victims—or at least it has for a long time. Either way, as I have explained, we are hoping to get more from the victims surcharge to give more money to victim support services in general across the country, because there are still deficiencies in them. I think we are all agreed that it is a very good idea that courts should make compensation orders for the victims of crime.

We hope that that will be done more often as a matter of course in court, but it depends on the defendant's means, so we must look at how the court gets better information on the assets available to pay for such things. That will come later as we work on the proposals. We must also improve the recoverability of compensation orders. We all believe that we should cover more by way of fines, compensation orders and so on, and that that steadily improves. The difficulty is that a large number of people before the court either do not have much money or will not co-operate in recovering it. As for all creditors recovering money from extremely reluctant and feckless debtors, it is difficult for us to raise that money, but we hope to have the assistance and advice of the Home Affairs Committee from time to time on how we might improve that record.

Mr Peter Bone (Wellingborough) (Con): May I clarify with the Secretary of State whether a mass murderer in prison will be entitled to compensation if they are beaten up by another prisoner?

Mr Clarke: There is a discretionary element in the current system so that a very bad criminal record can be taken into account. At least one mass murderer did not get compensation for an injury in prison. My answer to the question is no, he certainly should not get compensation. We are going much further; it is simply not right for someone one week to commit a crime against another member of the public, and the next week to say that the taxpayer must compensate him because somebody has committed a crime against him. There may be exceptions to that on the fringes, but we must go much further even in the straightforward case that my hon. Friend describes.

Paul Goggins (Wythenshawe and Sale East) (Lab): I commend the Secretary of State for his statement, but what does he propose to do in cases—including a recent one in my constituency, to which I drew his attention—when an offender commits a serious offence and receives a community sentence, but then, via Facebook or other social media, claims to have got away with it, adding insult to injury for the victim? Will he consider a power of recall to the court so that such offenders can be held to account?

Mr Clarke: I will consider it. Such situations are extremely irritating, and in extreme cases could be contempt of court, but, as the right hon. Gentleman knows, no one has ever found a way to deal with them. There always will be cases when some miscreant leaves court and celebrates too vigorously the fact that he has not lost his liberty or in some other way. If he starts adding insult to the court or his victims, something should be done to find a way of dealing with him under the rules of contempt of court.

Tom Brake (Carshalton and Wallington) (LD): I welcome the Secretary of State's statement and the proposals, particularly on requiring offenders to pay more to compensate victims and on providing compensation to

[Tom Brake]

UK victims of terrorism abroad. On UK victims of crimes abroad, will the Secretary of State agree to meet a cross-party group of MPs to look at the issue of people who are victims of serious crimes of another nature, such as serious assault?

Mr Clarke: It would be very nice to do that, but that is the history of this scheme from the start, which is why the aspirations of Parliament and Government have always run rather ahead of the available funding. I would like to compensate people with broken fingers or sprained ankles, but that would get us into arrears and months and years of delay before anyone could be paid. We have to concentrate on the most serious cases. As far as people abroad are concerned, all kinds of nasty things can happen abroad, although we hope that they usually do not. People can have all sorts of crimes committed against them or catch all sorts of peculiar diseases, but we have to bear in mind that British taxpayers' obligation to compensate in such cases has to be limited to a certain extent.

On terrorism, the case has always been that it cannot be insured against, and that is why everybody has agreed that the taxpayer should compensate in such cases. I would be reluctant to accede more readily to going further and adding yet more people whom the British taxpayer has to compensate for unfortunate experiences in Africa.

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): The victims code is most welcome, although not as novel as one might think. I seem to have heard about it a few times before. How will delivery of the service uniformly across England, Wales and Scotland be affected by the fact that the Lord Chancellor has closed 40% of the court venues, that police numbers are falling and that thousands of court staff have been made redundant?

Mr Clarke: The victims code has been steadily improved over the years—it is all very well for the right hon. Gentleman to be a little sarcastic about it; it has been renamed—and we intend to improve on that. The right hon. Member for Tooting (Sadiq Khan) says that he will make it a victims law, but it is the same thing. The one reason for not putting it on a statutory footing is that we are waiting to see what comes out of the European victims directive, which we have opted into, so that we can clarify the legal obligations. We will improve the service, and it has nothing to do with the closure of under-used courts in various parts of the country.

Mr Robert Buckland (South Swindon) (Con): One of the problems that my right hon. and learned Friend referred to with the criminal injuries compensation scheme has been delay. The backlog reached a high of 85,000 cases a few years ago under the previous Government, although the figure is coming down. What effect will these proposals have on reducing the appalling delays that victims of crime are suffering?

Mr Clarke: I am glad to say that the figure is coming down, but delay is the most serious symptom of the underlying failing of the system. For as long as I can remember, we have had deficits in the funding and an inevitable delay in payments because they cannot be funded. Every year, the Home Office previously and now the Ministry of Justice has had to find more money to put into the scheme to try to keep ahead of the claims. A realistic attempt to concentrate the funding on the most serious offences that have lasting or permanent consequences should enable us to pay those people more promptly, rather than paying quite as many people as we do at present for a wide range of injuries.

Jeremy Corbyn (Islington North) (Lab): There are many people who are victims of crime, but no prosecution follows because they are victims of racist harassment, neighbourhood terrorism or domestic violence. There is a problem of getting independent witnesses and therefore getting a prosecution. Within the context of the reforms, is the Secretary of State prepared to consider enhanced funding and support for professional witness schemes so that we can bring about a greater sense of safety for those people who are suffering serious racist harassment in our society?

Mr Clarke: One of the things that we are consulting on—we have not mentioned it much, but anything we can do would be valuable—is increased support for witnesses. It has got better in recent years, but support to enable witnesses to find the experience a little less intimidating than they otherwise might, and to explain to them the process through which they will go, is always valuable and needs to be improved. On people who are victims of crimes about which they do not complain or which have not led to a prosecution, we have considered that and are issuing a consultation document. But the underlying rule of the scheme has always been that, in order to get compensation, people must be prepared to co-operate with the police and the prosecutors to get the crime dealt with, and we have to keep that. We have dealt specially with repeated physical violence, and that is meant to address domestic violence and some of the other cases to which the hon. Gentleman referred.

Nick Boles (Grantham and Stamford) (Con): I welcome the Lord Chancellor's statement, but does he understand that my constituent Trevor Lakin can never be compensated for the loss of his son Jeremy in the Sharm el Sheikh attack? He has been fighting for years for compensation for the sake of such people as Will Pike, who survived an attack in Mumbai. Will Pike is trying to rebuild his life and needs help from the Government to do so.

Mr Clarke: I agree with my hon. Friend, who has campaigned consistently on the issue since arriving in the House. Nothing can ever compensate people who suffer severe consequences or bereavement as the result of a serious crime, which is why the scheme has always aimed only to make a contribution towards easing the financial problems that such victims suffer. In the case of overseas terrorism, we are moving as we are and in future the direct victims of overseas terrorism will be able to receive compensation on the same basis as on the domestic scene. We are still imposing some limitations on claims by family and so on, but this is an enormous advance on the previous situation in which nothing was being done, as all parties agreed in the last Parliament that it should.

Ann Coffey (Stockport) (Lab): It cannot be right that children who have suffered sexual exploitation by multiple perpetrators then have to endure days of aggressive questioning by defence lawyers in court. What does the Secretary of State propose to do to support child victims giving evidence in court and make it a less distressing experience for them?

Mr Clarke: In the consultation document we address vulnerable witnesses, who often include children, particularly those whose evidence involves fairly traumatic events. There are arrangements now, of course: it is no longer necessarily the case that such children are exposed to open court. A certain amount of judicial discretion must be left, but in suitable cases video evidence and so on are now obtained. I hope that the consultation document will enable us to see what more can be done to ensure, first, that justice is done, but justice is best done when witnesses give evidence in the most suitable and justifiable circumstances. One cannot shield an adult from cross-examination, but one can certainly shield someone as vulnerable as a child of the kind that the hon. Lady described.

Philip Davies (Shipley) (Con): It is fair to say that the Secretary of State and I have not always seen eye to eye on criminal justice matters, so it is a rare treat to be able to congratulate my right hon. and learned Friend on his proposals for preventing criminals from accessing the criminal injuries compensation scheme. What assessment has he made of whether the proposal will meet the requirement of the Human Rights Act 1998, or indeed his beloved European convention on human rights? If it falls foul of them, what does he propose to do at that stage?

Mr Clarke: It is a rare treat for me as well to find myself agreeing with my hon. Friend. Who knows where it might lead? It might not lead to instant agreement on the Human Rights Act, but I see no jeopardy to the proposals in the consultation paper from any claims under the Act. I look forward to continuing to have interesting debates with him about the subject on other occasions.

Kevin Brennan (Cardiff West) (Lab): The Secretary of State used the example of millions of pounds being spent on compensation for sprained ankles and broken fingers, but he did not use the example that he used in the press of someone gaining compensation for being hit over the head with a bunch of flowers and the psychological damage caused. Will he outline to the House the details of that case, in the same way that he required the Home Secretary to outline the details of the cat in the immigration case?

Mr Clarke: The hon. Gentleman will notice that I did not use that example. *[Interruption.]* No, I have not. I might be quoted as having used that example, but I have not. He asked why I did not. I would like to make careful inquiries about exactly where that well-known case actually occurred, and what the precise circumstances were.

Bob Stewart (Beckenham) (Con): On Friday, I was told by a constituent whose family were about to go to appeal court—they were victims, of course—that they were absolutely terrified of giving evidence again. The Secretary of State has said that there is no way to protect people giving evidence from cross-examination, but is there any system whereby these people, who are often very frightened when attending court, could be protected?

Mr Clarke: Nowadays, victim support officers will talk to witnesses before they attend court, and it is possible for witnesses to be shown the court beforehand—certainly they will be taken through the process that they can expect to be followed. It is essential to the rules of justice, however, that evidence be properly tested. If we are to deal severely with criminals, we have to ensure that the person convicted actually committed the offence. It is right, therefore, that he—or, better, his representatives—has the opportunity to test the evidence against him if he maintains his innocence. Judges have powers to intervene if the questioning becomes offensive or irrelevant, but in the light of recent cases we are considering how to strengthen those powers so that offenders do not gratuitously add insult to their offence. It is difficult, however, because one can treat an offender with proper severity only once he has had every opportunity to maintain his innocence and the court has found that he is lying and guilty.

Ian Lucas (Wrexham) (Lab): Following the question from the hon. Member for Shipley (Philip Davies), may I ask whether the Government have specifically considered whether convicted criminals excluded from an application under the scheme could take their case to the European Court of Human Rights? This is a legitimate point.

Mr Clarke: We must ensure that the approach is proportionate and the circumstances appropriate. The hon. Gentleman, who raises a perfectly serious point, will see his question canvassed in the consultation document. It is not for me to suggest circumstances in which difficulties might arise. However, if someone was convicted for shoplifting and then, a year or two later, was the victim of an extremely serious assault in unrelated circumstances, that might be an exceptional case. If someone with a previous conviction has got themselves injured intervening to protect another victim from another crime, that, too, might be an exceptional case. I do not want to sketch out all the exceptional cases, however, because there would not be many of them. Nevertheless, I think that we can protect ourselves against challenge as long as it is possible to consider those cases. However, the bulk of criminals should not be entitled to payment from the taxpayer when they are victims of crime themselves.

Mr David Nuttall (Bury North) (Con): The current maximum award available under the criminal injuries compensation scheme to the most seriously injured victims of crime is much less than they would receive from a civil law claim for damages. Do the plans contain any proposals to remedy this problem?

Mr Clarke: That was the problem when the scheme was first set up—I remember wrestling with it 20 years ago. At that point, we had slipped into a situation in which a compensation claim was assessed as though it was a personal injuries claim in a civil court, which meant that every case took ages to litigate, lots of lawyers would turn up to make representations on the

[Mr Kenneth Clarke]

basis of large numbers of medical reports, and the costs soared. Everybody accepted that this was completely unsustainable. The compensation scheme for criminal injuries is not meant to be full compensation; it is meant to be a contribution towards covering the financial consequences of the injury. As I said earlier, it would be nice if the taxpayer could pay everybody full compensation as if it were a civil award, but frankly that was never practicable from the moment it started, and it certainly is not affordable now.

Tony Lloyd (Manchester Central) (Lab): May I return to the question of delays? Certainly for victims of serious crime—either threats of violence or violence itself—delays in the investigation and delays by the Crown Prosecution Service and in the court process simply add to the menace that victims suffer. The Secretary of State has made some suggestions on how to proceed, but will he assure us that this matter will be a key consideration when drawing conclusions from the consultation? Of all the matters I have dealt with, perhaps the most harrowing involve those who live in fear, suffering a sentence while those awaiting trial are free on the outside.

Mr Clarke: Most of the delays that I have been talking about are delays in payment of criminal injuries compensation, but I agree with the hon. Gentleman that it is just as important that we do something about delays in the criminal justice system. We must improve the efficiencies of the court, avoid wasting as much time as is wasted currently, and so on. Together with the Minister for Policing and Criminal Justice, my right hon. Friend the Member for Arundel and South Downs (Nick Herbert), we are working on ways of improving the efficiencies of the court so that the more straightforward cases can be dealt with more promptly and those that are contested are handled more efficiently, to everybody's advantage, including in terms of court costs, police costs, and everything else. Our system does not have as many delays as some of the worst in western Europe, but if someone is staying in custody for too long before they can get a trial, it is bad for justice. However, I agree that the biggest complaint we usually get from laymen in criminal cases that have gone slightly wrong is that it has taken too long to get to court and that there have been several abortive appearances that wasted their time before the case finally got dealt with.

Simon Hughes (Bermondsey and Old Southwark) (LD): The Justice Secretary has generously recognised the concern felt by the families of Jeremy Lakin, a constituent of mine, and others who were either killed or injured in serious incidents such as those in Sharm el Sheikh or Mumbai, given that the original commitment was made by the last Government, before the last election. Given the delay so far, can the Justice Secretary assure them and others in their position that the announcement of April payments will mean that it will be possible to make payments soon after the beginning of the next financial year? What they need is certainty.

Mr Clarke: Yes, I can assure my right hon. Friend on that. We are not consulting on this because it has been around for so long. We are not having further delay while we consult on it: it is a non-consultative part of the document. We are going to implement the scheme in April, and I hope that will lead to prompt payment. It has taken far too long, and we will certainly do everything we can to make the payments as promptly as possible, though some will have to be assessed, in order to get the figure right in each case.

Sheila Gilmore (Edinburgh East) (Lab): One of the concerns in family law cases is that the victims of domestic violence can, in subsequent proceedings—perhaps on issues of custody or other things to do with children—be faced with a party litigant against them. Will not the changes to legal aid make that sort of thing more likely to happen, and that that is extremely oppressive to victims?

Mr Clarke: The hon. Lady has ingeniously raised a point that is wholly relevant to the legal aid provisions in the Legal Aid, Sentencing and Punishment of Offenders Bill, which is in another place, and not to this statement. In family law it is by no means unusual for the parties to face each other, and if one starts behaving badly towards the other, the judges just have to use the powers available to them to stop that happening. It is simply not possible to make every aspect of a dispute in court free of any stress or problem for both sides, because usually the parties in such cases are arguing about very stressful and emotional things about which both parties are considerably overwrought.

Mr Tobias Ellwood (Bournemouth East) (Con): I welcome this statement, and in particular the commitment to support British victims of terrorism overseas. As the Secretary of State implies, this is long overdue. As compensation goes, I think terrorism falls into a different category from a broken finger, which he mentioned, or a robbery. It is a brutal message from the state. Terrorists do not recognise borders, but our compensation system does. Will he confirm that Britons affected by terrorist attacks, such as those in Bali, Sharm el Sheikh or Mumbai, will be supported in the same way as those affected by 7/7, including for loss of earnings?

Mr Clarke: My hon. Friend has campaigned strongly on this subject—again, ever since he has been in the House—and I am very much aware of his views. What I have announced for the ex gratia arrangement—that is, the one that is paid under no legal obligation, but which we have agreed to pay for those whose claims will predate the new scheme's coming into effect—is in exactly the same terms as what was announced under the previous Government, which was agreed to by both my party and the Liberal Democrat party. That arrangement does not include loss of earnings, and we are not going back to try to revalue it. However, in future claims will be eligible for compensation on exactly the same basis as they would have been eligible for compensation for a similar crime in the United Kingdom.

Pat Glass (North West Durham) (Lab): Will the Secretary of State confirm that the consultation will also look into the issue of prison officers who are assaulted by lifers? In such cases, the CPS routinely takes the view that it is not in the public interest to prosecute as the perpetrators are already in prison. Compensation matters, but so does justice, to prison

officers such as my constituent Neil Walker, who, along with colleagues, was seriously assaulted by Kevan Thakrar. Some of those prison officers will never work again. They need compensation, but they also need justice.

Mr Clarke: Prison officers do an extremely important and sometimes dangerous job, so I entirely share the hon. Lady's views on the need to look after and protect them. They are entitled to, and should receive, criminal injuries compensation on exactly the same basis as any other citizen. I would expect the CPS to take allegations of assault or violence against prison officers just as seriously as they would take such allegations relating to any other citizen, and I think that it usually does. I cannot intervene in individual cases, and there is always some discretion, but I agree that our prison officers deserve the fullest possible protection that we, as a society, can give them.

Henry Smith (Crawley) (Con): Will the consultation document cover the possibility of curbing payments of compensation to people who have been convicted abroad but now reside in this country?

Mr Clarke: I think it certainly should, but I will have to examine further how effective the administrative arrangements for detecting such cases will prove to be. We are always trying to improve the exchanges of criminal records, so that people bear the proper consequences of any criminal records that they have built up.

Rehman Chishti (Gillingham and Rainham) (Con): I welcome the Lord Chancellor's statement. Will he confirm that the money raised by the increase in fixed penalties for motoring offences will also be used to support victim services?

Mr Clarke: Yes. The reason that we are raising more money from offenders through the surcharge is precisely to improve the services offered to the victims of crime. Whatever the source of the money, it will all be directed towards improving those services across the country.

Dr Andrew Murrison (South West Wiltshire) (Con): I very much welcome my right hon. and learned Friend's statement. He is right to direct the services of the criminal injuries compensation scheme towards those victims who have suffered the most. People who develop mental health problems as a result of a crime often find that their conditions are difficult to quantify or are not readily apparent. What can be done to ensure that such people are not disadvantaged?

Mr Clarke: As my hon. Friend says, the problem is often one of obtaining a proper diagnosis, in order that the consequences of crime can be recognised. In order to concentrate on the most serious offences that have lasting and sometimes permanent consequences, we had to draw the line somewhere. Below that line, the amount of compensation starts steadily to be reduced under the tariffs, with the very lowest tariffs receiving no compensation at all. Mental illness occurs at various levels in the tariffs, according to the lasting consequences that are being suffered, and to their severity. We will therefore still have the problem of assessing and diagnosing each case accurately, to ensure that it is the serious, lasting problems that are compensated, as they quite properly are now.

Michael Ellis (Northampton North) (Con): I commend the Lord Chancellor for his statement, which any right-minded person would regard as sensible and forward thinking. Does he agree that support services are as important as compensation for many victims? Does he think it right and proper that the taxpayer should not be asked to pay for those support services when the offender can do so?

Mr Clarke: Support services are sometimes more important. The trauma suffered by a victim is not always proportionate to the seriousness of a crime. Some people, for example, are hardy and can get over a nasty experience fairly rapidly, while some frail, vulnerable people can be severely affected for many years by a comparatively minor incident. We are trying to ensure that the support services are better targeted so that we can concentrate on those who really need the help, and that local priorities are determined more locally. It is obviously sensible to say—no one has disagreed with the view today—that those who commit crimes, including those who go to prison and those who receive a community sentence, should contribute to the cost of the support given to the victims of crime in general.

Dr Sarah Wollaston (Totnes) (Con): As a result of funding from the Ministry of Justice, women who have been victims of sexual crimes in my constituency can now benefit from help and support from Devon Rape Crisis. As a patron of Devon Rape Crisis, I ask the Secretary of State to ensure that a sufficient amount of the £50 million that is going to be taken from convicted criminals will go towards long-term secure funding for rape crisis centres around the country.

Mr Clarke: The Government will continue to look at rape crisis centres as a national responsibility and consider funding them from the centre. We have been able to open, I think, four new ones since we came to office, but for all existing ones we have for the first time pledged funding for three years, providing them with more sustainable security than under the previous year-by-year changes. I can assure my hon. Friend that we will continue to give very high priority to improving support for such valuable centres as much as we possibly can. I think she agrees and is prepared to say that our record so far is pretty good. My right hon. Friend the Home Secretary certainly helps me to ensure that we keep concentrating resources in this area.

Dr Julian Huppert (Cambridge) (LD): I recently visited Cambridge victim support, which does an excellent job, but there is no doubt that greater help is needed for victims and witnesses. I welcome that much of the statement, but will the Justice Secretary clarify his comments about those who have been convicted? I accept that we need to stop those who simply take advantage of the scheme, but he will be aware that some convictions are never spent. Is he arguing that someone who was convicted for such an offence 50 years ago should still not be eligible for any compensation, irrespective of what happens to them?

Mr Clarke: As the hon. Gentleman will know, the Government are committed to introducing amendments to the Legal Aid, Sentencing and Punishment of Offenders Bill, currently in the other place, in order to amend the Rehabilitation of Offenders Act 1974. This is very much a Liberal Democrat initiative, and it will make the difference between spent and unspent sentences a little less rigorous. We are consulting on exceptions to an absolute bar. It is right that someone injured in their 60s does not necessarily lose all right to compensation on the basis that he had quite a serious conviction when he was 19. Without opening the gates too wide, we are, as it were, canvassing views on how to accommodate such exceptional cases—so long as they are rare and exceptional.

Civil Aviation Bill

[Relevant document: The Thirteenth Report from the Transport Committee, Draft Civil Aviation Bill: pre-legislative scrutiny, HC 1694]

Second Reading

4.22 pm

The Secretary of State for Transport (Justine Greening): I beg to move, That the Bill be now read a Second time.

A successful aviation sector goes hand in hand with a growing economy; they are two sides of the same coin. That is why we need to ensure that the regulatory framework for civil aviation in the UK enables the sector to make a full contribution to economic growth, without compromising the high standards consumers rightly expect from the industry. Passengers are the lifeblood of successful aviation, so, above all, the Bill puts the interests of the consumer first, enabling the regulator to address the things that passengers care about most.

The aviation industry in the UK is vital and dynamic, and it has changed dramatically since the current regulatory framework was introduced in the 1980s. In many areas, competition has flourished and passengers have benefited, but while the industry has innovated and diversified, much of its regulatory framework has remained fixed and inflexible. There is compelling evidence that the current regulatory regime is distorting competition between airlines and needs to be reformed. When competition is distorted, the people who suffer are the consumers and customers—the 211 million passengers who travel by air each year and the freight customers who rely on aviation to transport their goods quickly and efficiently and make reliable connections with global markets.

We need only recall the scenes at airports closed by bad weather last winter to be reminded just how much people can suffer when air travel lets them down. The current regulatory regime proved itself a blunt and ineffective tool when it came to dealing with the issues that arose last winter—and we need to put that right.

With our independent Civil Aviation Authority we already have a world-class expert regulator with a first-class track record on safety, so the aim of this Bill is to give more responsibility to the CAA and to provide a better regulatory framework that would enable it to introduce more flexible and proportionate regulation and to take timely action on the issues that matter to passengers.

The Bill will devolve more responsibility to the specialist regulator for aviation, and will remove regulatory functions and unnecessary intervention by Government. It will also ensure that the CAA operates in a transparent and accountable manner, so that when appropriate it can carefully weigh up the costs and benefits of regulation as an integral part of the decision-making process. As a result, future regulatory intervention will be directed only at areas in which it is strictly necessary. For the first time, the regulator will be allowed to give the public reliable information about the sector's performance and its environmental impacts, and about measures taken to address them. Moreover—this will be important as we work to reduce the deficit—the Bill will substantially reduce taxpayer funding for the regulation of aviation. It surely makes sense for the costs of regulation to be met by the sector itself.

The Bill focuses on three key areas: reform of the economic regulation of airports, a range of measures giving the CAA a role in aviation security and in the reform of its own regulatory framework, and reform of the air travel organisers' licensing scheme to improve the protection of passengers. I will explain each of those in turn.

Let me begin with the importance of competition and the economic regulation of airports, a vital area that accounts for two thirds of the clauses in the Bill. Most airports up and down this country are subject to effective competition and do not need economic regulation, but for the small number with substantial market power, economic regulation is vital to defend consumers' interests.

The case for reforming airport economic regulation is compelling. Few people would claim that the current regime, which, after all, was designed 25 years ago, is giving passengers the quality of service that they deserve. The industry and the regulator have urged change as well, and three years ago the Competition Commission concluded that the legislative framework distorted competition between airlines by adversely affecting the level, specification and timing of investment at airports and the service that passengers receive.

Pete Wishart (Perth and North Perthshire) (SNP): Does the Secretary of State think that the takeover of British Midland International by the British Airports Authority will increase competition in the provision of air services to Scotland? What will the Government do to ensure that slots at Heathrow will be protected for the purpose of transport between Scotland and the rest of the United Kingdom?

Justine Greening: The hon. Gentleman is right to raise an issue that we also consider important. BAA also wants to ensure that it remains competitive, with connections to new markets, and that is the balance that we want to be struck. I know that the subject was raised last week at Prime Minister's Question Time, and I know that the Prime Minister takes careful note of such matters. The hon. Gentleman will be aware of the work that the Government did to help ensure that we kept the connection between Northern Ireland and Newark airport in New York. We are strongly committed to ensuring that we have the connections between airports and across the country that our economy needs to be successful.

Part 1 of the Bill replaces the current framework for the economic regulation of airports with a flexible, modern regime designed to put consumers first. The current "one size fits all" system of economic regulation is rigidly focused on a five-year price control regime. The Bill replaces that with a flexible licensing regime which can be directed at areas where regulation adds real value, and which will allow the CAA to reduce or remove unnecessary regulation. The CAA will have the power to incentivise and improve airport resilience, and to take more speedy action to tackle poor performance. When competition in the market grows, airports will be removed from regulation when that is in passengers' interests.

I understand the importance of clear and certain decision-making to the ability of businesses to make long-term investments in our transport infrastructure, particularly when billons of pounds of investment are at stake. Independent economic regulation ensures that there is no political interference, which is why it is such a common feature of modern economic regulatory regimes. The Bill will remove the Secretary of State's role in deciding which airports are regulated and will give that responsibility to the independent CAA, which will need to make decisions based solely on the need to regulate and to protect the interests of consumers.

Gavin Shuker (Luton South) (Lab/Co-op): The Secretary of State has said that the CAA will have additional powers and responsibilities. Will she say a little more about that? I find it odd, for instance, that it is excluded from the remit of the National Audit Office.

Justine Greening: The hon. Gentleman correctly points out that exclusion and I will address his point shortly. When Sir Joseph Pilling reviewed that matter in 2008 he concluded that the current approach was appropriate.

Importantly, the CAA's decisions will become more accountable because the Bill will provide greater access to challenge regulatory decisions. As the CAA discharges its responsibilities, it is essential that its decisions are guided by the needs of customers. Therefore, clause 1 establishes for the first time a single, clear, primary duty on the CAA to further the interests of consumers—all passengers and owners of air freight both now and in the future—and, wherever possible, to do that by promoting competition.

Some airlines have argued that the CAA's duty should be extended to airlines as users of airports, alongside passengers. The airlines are important of course, but I am in no doubt that if conflicts of interest arise between airlines and passengers, the regulator must be squarely on the consumer's side. To protect consumers at all airports, the Bill gives the CAA powers to enforce competition law concurrently with the Office of Fair Trading in the airport services sector.

Mr Tom Harris (Glasgow South) (Lab): The Secretary of State makes a valid point about what should happen if a conflict of interests were to arise between passengers and airlines. However, can we not address this issue by stating in the Bill that the CAA's prime obligation is to passengers and that the airlines are specifically a secondary priority?

Justine Greening: I do not think we need to go that far. As I have said, the Bill's key purpose is to provide clarity on what the CAA must focus on primarily, which is consumers. It is important to provide that clarity.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): The Secretary of State rightly points out that consumers' interests can be protected by promoting competition and thereby giving passengers greater choice, but how does the Bill address situations that cannot be dealt with by more competition, such as passengers facing long queues to get on and off planes? In the short term, that will not be addressed by competition, so how might the Bill help in such respects?

Justine Greening: The Bill cannot deliver absolutely everything in respect of the aviation industry. It will, however, deliver a key element of the regulatory framework that will sit alongside how the industry operates. Competition is working. We need only consider the

[Justine Greening]

investment that both Heathrow and Gatwick are putting into winter resilience to see that passengers will make a choice between those two airports based on which one they believe they can rely on. As a result, we are seeing competition lead to far more investment on that side of airport operations. I have seen that development for myself, and I greatly welcome it. Providing the CAA with these new powers will promote effective competition by enabling the CAA to make use of its specialist knowledge and to co-ordinate its use of economic regulation and general competition powers.

Turning to modernising the regulators' wider role, part 2 of the Bill includes changes to how the CAA operates by improving transparency and accountability, removing unnecessary Government funding and involvement and cutting red tape. Transparent information is of huge benefit to the public. It gives all of us as consumers the means, if we want to use them, to compare different services on offer to us and to judge for ourselves which we want to buy. In keeping with this approach, clauses 83 and 84 introduce two new information duties for the aviation regulator, to serve the interests both of consumers and those affected by air travel.

The CAA would arrange for consumer information to be published to help passengers and freight users make more informed choices about what is on offer, while having regard to the principle that the benefits of information should outweigh the cost. Similarly, the CAA would publish information for the public about the environmental effects of civil aviation in the UK, and the measures taken to limit environmental harm. What is more, it would be able to use both those powers to issue advice and guidance to the industry so that it can improve standards of service and operate more sustainably. As we modernise the legislative framework, we are taking the opportunity to give the CAA new freedoms to appoint its own executive directors and to carry out criminal proceedings without recourse to Government. As criminal proceedings can be both slow and costly, the Bill would also enable the Secretary of State to give the CAA powers to enforce existing offences through civil sanctions where they are more proportionate.

The Bill also includes some other measures enabling the disclosure of anonymised medical data about aviation workers who are subject to health checks by the CAA. That would pave the way for valuable medical research into the particular health risks for specialist workers such as flight crew and air traffic controllers.

Let me move on to our proposals to improve the regulation of aviation security. This section of the Bill is relatively short, amounting to just five clauses and two schedules, but I know the House will rightly consider it carefully. Above everything else, passengers expect the highest levels of safety and security.

For me, keeping people safe and secure when they travel is and will continue to be of key importance. At present, aviation safety is regulated by the CAA while security regulation is carried out by officials in the Department. The CAA has an excellent track record as a safety regulator, as good as any in the world, and it has empowered our airlines and airports to develop safety management systems that keep safety at the heart of their operations, striving for ever safer and more efficient systems. That is why I believe there would be real benefits to bringing the CAA's impressive specialist expertise to the regulation of aviation security.

In the past, security regulation has been criticised for being too process-driven, too often relying on a tick-box approach. Although those arrangements have kept people safe, too often their inflexibility has caused frustration on the ground at airports. There would be attractive benefits for passengers if we could empower the experts to find the best and most efficient way of maintaining the highest levels of security for air travel. That means more involvement from the experts in aviation operations, which can bring real benefits. Of course, it is essential that the Secretary of State should stay responsible for aviation security policy and for giving security directions, although it also makes sense for the specialist expert regulator to have a role in maintaining and improving aviation security. Consequently, the Bill includes provisions for the CAA to keep under review security directions made by the Secretary of State and for it to provide advice and assistance to the industry and Government. With its track record in handling safety, I believe the CAA will approach those new responsibilities with the rigour they deserve.

Mr John Leech (Manchester, Withington) (LD): Can we be assured that the transfer of staff from the Department to the CAA will not result in a loss of expertise in the security sector within the Department for Transport?

Justine Greening: We have considered that very closely and it is one reason why these changes will not happen overnight. They will take place over the next two to three years so that we can ensure we get the right staff transferred with the right expertise. As my hon. Friend points out, we have a wealth of security expertise within the Department and across Government and that will still be there for us to draw on within the Department for Transport. I am assured of that.

Maria Eagle (Garston and Halewood) (Lab): Is the right hon. Lady at all concerned that the division of responsibilities will create new interfaces that might cause delay and problems in the swift implementation of policy?

Justine Greening: That is a very fair question and it is one that I have considered carefully, too. I do not believe that it will cause a problem at all; in fact, it will enhance the security approach that we are able to take. It will mean a far more ongoing and rigorous approach to security that will manage to combine the highest standards of security and safety at airports while delivering a more streamlined approach for passengers on the ground. That is better for everybody.

Clause 82 makes provision for the transfer to the Civil Aviation Authority of rights, powers, duties and liabilities as the Secretary of State considers appropriate. That will allow us to transfer to the CAA the experienced staff who carry out the regulatory compliance and vetting functions currently carried out by civil servants in my Department. That will not only devolve more responsibility to the CAA but will have the further advantage of bringing the "user pays" principle to aviation security. It is not right or fair that the taxpayer currently subsidises the cost of aviation by paying for its

regulation. At a time when our overriding priority is to reduce the inherited debt and when difficult choices are being made about funding priorities it is right that the cost of regulatory compliance should be met by the industry that benefits from it and not by the taxpayer.

Dr Andrew Murrison (South West Wiltshire) (Con): Has my right hon. Friend considered the impact of the transfer of powers from the Department's Transport Security and Contingencies Directorate to the CAA on TRANSEC's residual functions, particularly in relation to maritime safety and elements of rail safety?

Justine Greening: Yes, we have considered that and we are very happy that we will continue to strike the appropriate balance in our internal departmental expertise on security in all those areas. That is absolutely vital and we will not compromise on it in any way. We seek to have a more proportionate and smart approach to ensuring that we maintain the very highest standards of security and safety in our airports.

The final area of the regulatory framework that the Bill seeks to reform is the regulations covering the air travel organisers' licensing scheme, or ATOL as it is known to millions of people each year. Those people have the peace of mind that comes from knowing that their package holiday is financially protected and that they will not be left stranded if a travel company becomes insolvent. Since the scheme was set up the holiday market has diversified, partly due to the innovations that internet booking has allowed. As a result, the holiday industry has told us that it is no longer clear to consumers whether their holiday has the protection of ATOL. Clause 94 will allow us to make regulations to improve clarity for the consumer by adding more flight-based holidays into the ATOL scheme, including holidays sold by airlines. That will mean that businesses selling holidays that include a flight should have a more coherent and consistent regulatory framework in which to operate.

Mr Peter Bone (Wellingborough) (Con): I refer hon. Members to my declaration in the Register of Members' Financial Interests. This area is very important because it is not clear to consumers at the moment whether they are protected or not, with some people on a flight being covered while others on the same flight are not. I do not think the Government are going far enough in that they are not going to say that all people on all flights are covered, but why not?

Justine Greening: No doubt my hon. Friend will want to return to this issue in Committee, but I think that our proposals are measured and will mean a real step forward in the number of consumers that ATOL can protect, while also making ATOL more financially sustainable in the longer term, which is important. The clauses that relate to the reform of ATOL are long overdue and are welcome. I appreciate that he might want them to go further and I look forward to having that debate in Committee because this is an incredibly important aspect of the Bill for people up and down the country who want to be able to book their holiday knowing that it has the protection they want behind it.

In conclusion, the Bill brings together the Government's commitment to having a successful and sustainable aviation sector with our agenda on regulation. It will allow the CAA to modernise the way it regulates, bring a stronger consumer focus to its activities and improve transparency and accountability. It will also create a stable environment for investment in airports and will allow the UK aviation sector to continue to thrive and develop. I commend the Bill to the House.

4.43 pm

Maria Eagle (Garston and Halewood) (Lab): Let me begin by wishing the aviation Minister, the right hon. Member for Chipping Barnet (Mrs Villiers), well. Opposition Members were very sorry to hear of her accident and we wish her a speedy recovery from her injuries and from the surgery she is undergoing.

The Civil Aviation Bill started its life under the previous Administration and we were pleased, as was the industry, to see it included in the Queen's Speech after the election. We will vote for the Bill's Second Reading today and the Government will, in principle, have our continued support, subject to the scrutiny that this Bill should rightly receive as it progresses through its parliamentary stages and subject to the making of appropriate reassurances and necessary amendments.

The proposals that the Government inherited to reform the framework for airport economic regulation and modernise the CAA's governance and operations are broadly correct. In a number of areas, we share the view of the Select Committee on Transport that the Bill could be improved, particularly in relation to passengers' welfare and the sector's environmental obligations. Should the Government not introduce their own proposals to do so we shall seek to improve the Bill in Committee.

We support the Government's decision to use the legislation as a vehicle to reform and extend the ATOL scheme to provide greater protection for consumers, reflecting changes to the way in which holidays are sold today, as the Secretary of State set out. The Government have also decided to use the legislation to go beyond the economic regulatory purpose that was originally envisaged in the transfer of responsibilities relating to aviation security, which has emerged since the election or, more specifically, since the Government spending review. However, there are serious concerns about whether it is a desire to cut costs, rather than improve security, that is driving the changes. The Opposition will therefore require much greater assurance from the Government about how the changes will work in practice if we are not to seek to make amendments to the provisions or even to remove them during the Bill's passage through the House.

Steve Baker (Wycombe) (Con): Does the hon. Lady share my concern that passengers, as well as needing security, are worried about convenience and, indeed, their dignity?

Maria Eagle: The hon. Gentleman is correct, and proper security is always a balance between managing to make sure that the efforts of those who wish to commit terrorist offences on planes are foiled while, at the same time, not wishing to subject consumers and passengers to indignity or extensive delay. It is correct that the Department should have a full understanding of the extent of any threats so that it can make appropriate policy. It is just in those areas that we want to probe a little more in Committee precisely to assess the practical impact of the proposals.

[Maria Eagle]

It is unfortunate that the introduction of the Bill and its Second Reading should come so soon after the publication of the draft Bill. Considering that this package of reforms has been in preparation for many years, and given that it was widely believed that its introduction had slipped to the next Session, it is unfortunate that there has been a sudden rush of last-minute enthusiasm to bring it before the House. Consequently, the planned pre-legislative scrutiny, which we supported, has been curtailed. The Transport Committee has done its usual impressive job, but it had just three weeks to take evidence and produce recommendations on the proposals, many of which have been in gestation for six years or more. That meant that the Government have not been able to consider those recommendations in detail and improve the Bill before its introduction. Consequently, we are debating a Bill—and I hope that this is the case—that will doubtless be amended by the Government in Committee, which is a remarkable state of affairs for a measure so long in preparation.

The industry itself has rightly expressed concern about the limited opportunity it was given to engage with officials before the Bill's introduction in Parliament. BAA, it is fair to say, may be affected more than other player in the industry by the measure, yet it says that it could secure only a single one-hour meeting with the Department for Transport in the past three months, which falls short of what might be expected for a regulatory Bill of this nature. There will be, at the very least, a suspicion that the hasty introduction of the Bill has less to do with the industry's needs and more to do with the needs of business managers, who doubtless begged the Secretary of State to let them have something for the Commons to do, because the Government's legislative programme is bogged down in chaos in the other place.

Justine Greening: I have met BAA on a number of occasions since taking on my present role, so I can assure the hon. Lady that there has been plenty of opportunity for BAA to raise any concerns with me.

Maria Eagle: I am grateful for the right hon. Lady's intervention. I was just quoting what BAA said, and I hear what she says about her own efforts, which I commend.

There are three key reforms in the Bill—to economic regulation, to the Civil Aviation Authority itself, and to the transfer of security functions. I want to turn briefly to the wider aviation context within which the reforms will sit. We agree that the current framework for airport economic regulation is outdated and needs reform. It has been clear for some time that the CAA does not have the powers to apply the regulatory regime in a way that best benefits passengers and reduces costs for the industry. We are also dealing with a very different aviation landscape since the introduction of the existing regime, not least because of a major increase in passenger numbers, low-cost airlines, growth in regional airports and changes to ownership required by the Competition Commission. The proposed licensing regime, together with a more flexible and targeted set of regulatory tools, will better enable the CAA to carry out its work, while making its decisions more accountable, and reduce unnecessary regulation.

It is also right that the regulatory regime governing airports be reformed to put passengers at its core. The CAA's primary duty should be to promote the interests of passengers. That was our intention in developing the reforms, and we are pleased that that approach has been accepted and adopted by the Government. We hope that in Committee the Minister will look carefully at the arguments that have been made and be clearer about how the CAA is to weigh the often differing interests of current versus future air transport users and, as the Select Committee has urged, explain in more convincing detail how the proposed aviation consumer advocacy panel will work in practice and, in particular, how it will identify, represent and promote the interests of passengers and relate to the regulatory process.

The lack of a specific requirement to publish passenger welfare plans is a major omission and should be addressed. It was a key recommendation from the Select Committee following its inquiry into the failure of both Government and industry to prepare and respond adequately to the severe winter weather in December 2010. The appalling experience faced by many passengers, particularly at Heathrow, demonstrated the need for the sector significantly to up its game in relation to passenger welfare. I welcome the new powers that the legislation will give the CAA and the Government and hope that the Secretary of State will issue clear and robust guidance to airport operators on winter resilience. However, we would like to see a specific obligation on the CAA to include in any licence issued a requirement that airports provide support to stranded passengers.

The Government must also ensure that each recommendation of the Quarmby report on the resilience of England's transport systems in winter is implemented, particularly those relating to the need for early decisive action on whether to cancel services; the supply of de-icing and anti-icing products or road salt; better liaison between airports and local highway authorities over the treatment of appropriate public road networks; and improved access to performance statistics on the management of disruption by airlines and airports.

The former Transport Secretary, the right hon. Member for Runnymede and Weybridge (Mr Hammond), stood in the snow at Heathrow just over a year ago and pledged to learn the lessons of the chaos passengers faced. I know that because I was standing in the snow freezing alongside him and, more importantly, alongside thousands of stranded passengers. At the time he blamed Heathrow for seriously underestimating the amount of de-icer required and raised the prospect of establishing a central reserve for emergencies, much as exists for road salt. The Government should provide an update on this—they have gone quiet lately—and on the other promises made at the time. As well as the powers that this Bill rightly gives the CAA, the current Secretary of State must ensure that the Government do not take the view that this is all the responsibility of the industry. There is a strategic and economic need, as well as a UK reputational requirement, for the Government to get a grip on winter preparedness. I recall the Minister responsible for aviation telling the media on Boxing day 2010 that the Bill would do just that, but it is not obvious to me that it does it sufficiently well, so we will explore that further.

The CAA should also be required to focus licences on the specific experience of passengers in airports. That means, as the Transport Committee has urged, specifically

structuring licences to address key areas of passenger satisfaction, including immigration and baggage handling. We all know that the failures that most give rise to frustration and anger, not to mention ruining business trips and holidays, are delays caused by inadequate management of immigration and poor baggage handling. Of course, although airports should rightly have obligations in this respect, the Government must also recognise that their decisions have an impact that is out of the hands of airport operators, not least the way they resource and manage the UK Border Agency. The speed and scale of the Government's cuts is putting pressure on the agency. People across the country fear that corners are being cut and border security is being put at risk by the scale of the Government's border cuts. Some 6,500 staff are going from the agency, with 1,500 going from the UK border force, including more than 800 this year alone. In the past year, we have already had the situation whereby the Home Secretary did not know what changes to border controls she had agreed to, how they were being implemented or how great the security risks were, and relaxing controls was a direct consequence of those staffing reductions.

It is incredible that the Government have overseen a reduction in checks at border control. The public expect proper immigration controls, and passengers expect there to be sufficient staff to prevent massive delays at airports, which damage our image and can impact on investment and business competitiveness. We agree that the passenger must be placed at the heart of the regulatory regime, but the Government must do the same as they carry out their responsibilities.

The Government should also consider the airlines' case that, in the context of airport regulation, they too are customers. Although we agree with the Government that the law should be absolutely clear that the CAA's primary duty is to passengers, we agree also that there is a case for a secondary duty to airlines, so the Minister should look again at the decision not to include such a duty.

Although it is right that we set out a primary duty on passengers to send a clear signal to the CAA about how it should manage competing interests, it is right also that we set out further duties. In doing so, however, the Government have chosen to omit the reference to environmental obligations that we intended the Bill to include. That is a mistake, so I very much hope that the Minister will reflect on it and think again.

Back in March 2009, the consultation document on economic regulation that the then Secretary of State published proposed that

"the CAA should have an environmental duty with respect to its economic regulatory functions."

The final report of the Cave review recommended

"a duty on the CAA to protect the environment, subject to guidance on specified environmental matters by the Secretary of State."

In December 2009, the previous Government published their decision document on economic regulation and concluded that one of the supplementary statutory duties should be

"to have regard to the airport operator's legal obligations to comply with applicable environmental and planning law."

When one considers the secondary duties that have been set out, one finds the absence of any environmental obligation to be a clear omission—and a late one: it was included in the press release accompanying the publication of the Bill, just not in the Bill. The CAA will be obliged

"to ensure that licence holders can finance the activities which are subject to the relevant licence obligations; to secure that all reasonable demands for airport services are met; to promote economy and efficiency on the part of licence holders in its provisions of airport services at regulated airports; to have regard to guidance issued by the Secretary of State; to have regard to any international obligation of the UK; to have regard to principles of better regulation."

All those obligations are of course right, and we support them, but there seems to be no justifiable reason for removing the proposed additional requirement on the CAA in terms of economic regulation: to have regard to airport operators' compliance with environmental and planning law. Without that, airports may be reluctant to invest in improving environmental performance, be it noise, vibration, visual disturbance or emissions.

It is not good enough for the Government to say it is obvious that airports must comply with statutory obligations and it does not need re-stating in the Bill. The issue is whether airports feel that they can recover the cost in charges to airlines. The consequence, as the Transport Committee has warned, is:

"Without giving the CAA a supplementary duty on the environment in relation to its economic regulation role, there is some risk that airports may be reluctant to invest in improving environmental performance."

Mark Lazarowicz: Is the situation not worse than that? Is there not a danger that specifically removing the reference to environmental planning concern might be taken by some airport operators as a coded message that the Government do not take such issues seriously now?

Maria Eagle: My hon. Friend makes a good point. There are plenty of people who seek to read coded messages in what the Government do, or do not do, and in how they change their proposals, so in that respect there is a concern that the Government need to address.

If the Government's green credentials had not already worn so thin, no ulterior motive might have been seen in their decision, but there will be considerable suspicion that it is yet another example of giving in to vested interests, coming on top of the Government's failure to reassert the aviation emissions targets that we set in government, let alone to listen to the calls to look seriously at the UK's share of international emissions and to include both in the UK's carbon budgets. When the obligation on other sectors is to reduce carbon emissions by at least 80% by 2050 compared with 1990 levels, the aviation industry has agreed to work towards achieving the lower target of the same reduction but compared with 2005 levels. However, the industry believes that it can achieve the same reduction compared with 2000 levels. On that basis, we believe that the Committee on Climate Change should advise on the case for a tougher target. It is clear that the Bill sends out completely the wrong signal to industry.

The CAA, airport operators, airlines and National Air Traffic Services have a shared responsibility to achieve those goals. In addition to the original proposed duty on environmental and planning law, which has been deleted, there is surely a case for considering the

[Maria Eagle]

practicality of using this Bill to reaffirm the shared responsibility on meeting emissions targets that have been agreed. That should be explored during the passage of the Bill.

The public should certainly be better informed about the environmental effects, including through emissions and noise, of civil aviation in the UK and about the measures that are being taken to limit the adverse environmental effects. I want to take this opportunity to welcome the CAA's decision to open a three-month consultation on its environmental role and performance. The chief executive, Andrew Haines, has said that he is determined to work with the sector to help it manage its environmental footprint and realise its potential growth. He is clear that

"unless the sector faces its environmental impact head-on, it will not be allowed to grow."

He is right to have set the goals to

"contribute to a cleaner and quieter aviation industry, improve airspace design through new operational measures, influence the environment debate and enhance consumer understanding of the environmental impact of flying."

Henry Smith (Crawley) (Con): Will the hon. Lady not concede that airport operators, such as the operator of Gatwick airport in my constituency, have for many years done an awful lot to ensure that there are environmental enhancements, such as through the Gatwick area conservation committee, which has made a positive difference locally?

Maria Eagle: I do concede that. I do not think that the aviation industry has anything to fear from closer scrutiny of the way in which it deals with these issues. I just want to ensure that this Bill does not send the wrong signals to industry and make it more difficult to do what many operators are starting to do in any event.

In addition to the revision of the statutory purpose of the CAA and its secondary duties, it is right that the Bill aligns the powers of the CAA with those of the Office of Fair Trading. That provides consistency with the approach taken for other regulated industries, including energy, water, telecoms and rail. The Secretary of State will be aware that there are concerns about the impact on competition of the sale of airlines and the slots that transfer ownership as a result. The recently agreed sale of British Midland International by Lufthansa to International Airlines Group has raised considerable worries, particularly in Scotland and Northern Ireland, about the impact on short-haul domestic routes and the price implications for passengers. The Government have to date refused to take those concerns seriously. My hon. Friend the Member for Glasgow East (Margaret Curran), the shadow Secretary of State for Scotland, and I have referred the sale of BMI to the OFT.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): I am grateful to the hon. Lady for raising this issue again, because it is extremely serious. I have concerns not only about the flights into Heathrow but about the onward connectivity of those flights to the rest of the world. Aberdeenshire has a big energy sector and people are travelling onwards. She is right to highlight this issue.

Maria Eagle: I thank the hon. Lady for her intervention.

There are precedents within the EU of a single company controlling a larger percentage of slots at one airport, but I am sure that the Secretary of State will appreciate that the situation at Heathrow is different because of the capacity issues that significantly restrict the potential for competition. I fully understand and respect BA's wish to expand its operations, not least to pursue the new long-haul markets from Heathrow that are needed for our economic competitiveness. However, many years before a high-speed rail service becomes a reality between Scotland and London, and Heathrow in particular, we must balance that with the need to maintain the domestic air links on which the Scottish economy depends.

I have two final points on the economic regulatory aspects of the Bill. First, there are concerns that there is no requirement on the CAA to consult on how it intends to prioritise and balance its new duties and discretion. Secondly, the Government must clarify who does and does not have a right of appeal on a decision by the CAA in respect of licence conditions, and how they intend to prevent repeated and unfounded appeals.

On the second major purpose of the Bill, which is to modernise the CAA's governance, we agree that reform is needed and we support most of the proposed changes. Of course, there are changes that have been made without the need for legislation, such as the creation of a separate chair and chief executive. We do, however, question the decision to remove the requirement for the Treasury to approve the levels of remuneration for non-executive members of the board. Are we not seeing right now the need for greater, not less oversight of remuneration? I suppose that the experience of the past few days has shown that it is doubtful whether the Government would exercise their powers over excessive bonuses even if they retained them, but it might be a good idea to hang on to them.

It is also wrong that the CAA remains outside the remit of the National Audit Office, unlike all other industry regulators. That should be addressed, and there should be an explicit efficiency duty as recommended by the Transport Committee. I hope the Government will agree that it should be relatively straightforward to reach agreement on those issues in Committee. We agree on the outcomes that we want to see achieved through the modernisation, and I look forward to working with Ministers to improve the Bill further in the areas that I have mentioned.

We have much greater concern about the third major area with which the Bill deals, which is the Government's proposals for a major change in how aviation security in ensured. They have not made the case for the change. It was included in the draft Bill at the last minute and has not been subjected to adequate scrutiny, and enough people across the industry have concerns about the proposals to require the Government to look again at whether they have got them right. We are open to being persuaded, but Ministers have more to do if they wish us to support the proposed changes.

I appreciate that under the Government's proposals, the Secretary of State will remain responsible for aviation security policy and for making aviation security directions under the Aviation Security Act 1982. That is well and good and correct, but by enabling the transfer of a potentially very wide range of security functions to the CAA, the Government risk fragmenting an approach

that has served us well. Let us not forget that the current arrangements, including the now abolished specialist unit Transec, arose from the tragedy of Lockerbie. We should not move lightly away from an approach that had such a tragic loss of life as its reason for existing, particularly not when the clearly stated purpose of the proposals is, to quote the Department's impact assessment, to

"Reduce the costs to the taxpayer in line with SR"—

spending review—

"commitments by introducing the user pays principle."

The changes that the Government propose are not minor. For example, they want to pass to the CAA the obligation to make arrangements for carrying out vetting, including those for renewing and withdrawing clearance. The CAA, rather than the Secretary of State, will maintain the list of persons approved for the provision of a particular aviation security service.

There are also concerns about the ability to retain staff. The Bill will allow for the transfer from the Department for Transport to the CAA of about 85 aviation security posts currently responsible for the review and upkeep of aviation security regulations, and for the monitoring and enforcement of the industry's compliance with security requirements. The Transport Committee's recommendations on that matter should be considered carefully, including the permitting of secondments rather than transfers to avoid the loss of experienced staff and expertise.

The Committee's recommendation to delay the change, to bring it in line with the introduction of the outcomes-focused risk-based security regime, also makes sense. The airlines are concerned about the lack of transparency of the likely costs of the changes, and therefore about the impact on passengers, on to whom costs will be passed. There is real concern that although the costs of the transfer will materialise, the supposed reduction in obligations as a result of the move to the outcomes-focused regime will not.

Those concerns are particularly acute for smaller regional airports, which play a vital role in their local economies and will not easily sustain major additional cost burdens. The Government need to reassure the sector that they will retain an active engagement in operational matters, enabling airports to take the lead in the knowledge that they will have ministerial backing.

It is clear that there are growing tensions between the UK Government and the EU over security issues such as the permitting of full-body scanners without a right to select an alternative form of search. We have strongly supported the Government's stance on that, although it is now important that Ministers work closely with their European partners to ensure a common, and preferably similarly robust, approach to security across the EU. The approach taken in the Bill risks leaving the industry without a clear lead or protection from Government on the decisions that it takes, be they on trials of new forms of security screening or other matters.

According to the explanatory notes, the Government's Regulatory Policy Committee estimates that

"the impact on public expenditure gives expected savings in the order of £5.4m per annum."

It is far from clear how the cost savings to the Department from the abolition of the security function can be secured without putting at risk high levels of aviation security or imposing a burden that will ultimately fall on passengers.

The Regulatory Policy Committee also identified transitional costs of transferring the security function of approximately £1.5 million, as well as ongoing costs beyond the transition, not least because

"the CAA will be responsible for upgrading systems in perpetuity".

It is therefore

"likely that the CAA may borrow from the National Loans Fund to fund IT improvements."

I appreciate that the Secretary of State inherited her predecessor's plans to meet the 15% cut in the Department for Transport budget. She has shown a willingness to look again at some of his rasher decisions, and I hope that she does so in respect of that major change to aviation security, for which the case has not yet been made.

I urge the Government to think again about one other aspect of their aviation policy. An announcement is expected in the Budget—if not before—on the sale of their remaining stake in NATS. Recent media reports have suggested that DFS, Germany's state-owned air traffic service, has been in talks with the Government. Yet again, just as with our rail industry, the Government's ideological obsession turns out to be not so much opposition to a public stake in delivering transport services as an opposition to a British public stake in doing so. Just as the Dutch national railway will this week begin to operate the East Anglia franchise, with Deutsche Bahn and SNCF snapping at its heals on other parts of the network, our airspace might be controlled, in effect, by the German Government.

There are several very serious reasons why the Government would be wrong to withdraw completely from NATS. The current shared-ownership model between Government and airlines works well. The airline group has opposed an outright sale of the Government's stake and raised the prospect of the industry walking away. The airlines are best placed to ensure the success that NATS has become, not least because of their healthy self-interest in safety and industrial relations. There are concerns about the impact of a foreign power taking a stake in NATS on the integration of civilian and military operations, which would put at risk the operational benefits of that integrated approach. There are also questions about the Government's ability to play a leading role in air traffic policy at EU level if they become the only Government to have given up their stake in their air traffic service.

Justine Greening: It is probably wise for me to remind the hon. Lady that the Labour Government part-privatised NATS in the first place.

Maria Eagle: I am well aware that the Labour Government sold a stake in NATS. I am talking about the Secretary of State's predecessor's proposal to sell all of it. It is a question of the Government retaining a stake. If she is willing to confirm that the Government will retain a stake, I will be happy to give way to her. She shakes her head.

Mr Brian H. Donohoe (Central Ayrshire) (Lab): Ownership is currently entirely within British hands. It is possible that that will no longer be the case if privatisation goes ahead.

Maria Eagle: That is indeed the worry. NATS does not cost the taxpayer a penny to run—in fact, it pays a dividend to the Government. In June last year, NATS paid a dividend of £42.5 million, and in November announced a further £8.2 million. The Government received a significant share of that as the majority shareholder. Their decision to sell all of NATS would therefore be a short-term, quick-buck decision. Like their approach to aviation security in the Bill, they are placing a narrow focus on deficit reduction ahead of the wider economic and security impact. I hope the Secretary of State ensures that she puts proper pressure on the Chancellor, whom she knows very well, to make a good decision and to retain a stake in NATS.

Finally, although the measures in the Bill are important—they are all concerns for the aviation industry—there is an elephant in the room, because the Bill does not and cannot address the capacity issues facing the industry, particularly in the south-east and the future of our hub status. The Government's failure to set out a strategy for aviation and the lack of any plan to do so until late in this Parliament is putting jobs and growth at risk. Their call for airports to be "better not bigger" has always been a slogan, not a policy, but even they seem to be waking up to the fact that a blanket ban on growth and new capacity in the south-east makes no sense.

In government, Labour supported the industry's proposal for a third runway at Heathrow—as the UK's only hub airport—as the best way to add additional capacity. However, the Opposition have accepted the Government's decision to cancel the third runway, and it is time to move on and seek an alternative way forward. Our decision can ensure that we do not waste another five years wrangling over that proposal while the industry risks falling behind our EU competitors, and while major airlines simply move more of their operations abroad, where there are no capacity constraints.

Dr Julian Huppert (Cambridge) (LD): I am delighted that the hon. Lady's party has come to its senses and ruled out the third runway. I hope that she will tell us what her suggestion is, because she has a long track record—such as on high-speed rail—of suggesting things but never quite pinning down an actual idea.

Maria Eagle: If the hon. Gentleman would wait just a moment, he might hear my suggestion.

Two weeks ago, the Prime Minister was apparently persuaded of the case for a new airport in the Thames estuary, a position that lasted a full 24 hours before the Under-Secretary of State for Transport, the hon. Member for Lewes (Norman Baker) slapped him down. Then the papers were briefed that new runways at Gatwick or Stansted were back on the agenda, despite the coalition agreement seemingly ruling that out. British business cannot afford this chaos and confusion continuing until or even beyond the next election. That is why I have made a clear offer to the Secretary of State for us to work together and put aside our differences for the good of the country to see whether we can agree a joint position on how we can meet the capacity issues in light of the decision on Heathrow. We have been disappointed that, three months on, the Government have not responded to that offer.

I was, however, encouraged by the constructive response from the Conservative party chair, Baroness Warsi, on last week's BBC "Question Time", in response to my hon. Friend the Member for Liverpool, West Derby (Stephen Twigg). She said:

> "Some serious discussions—cross-party discussions—have to take place, because I don't think anyone in this country wants us to be a republic which is left behind and really nobody wants to trade with."

Leaving aside why the chair of the Conservative party believes that we are a republic, she is right to agree with us that we need a cross-party approach, and about the consequences of not agreeing a way forward. If the Transport Secretary would like to confirm that she does accept our offer and is willing to begin talks on how we can move forward on this issue together, then I am happy to give way.

Justine Greening: Part of the challenge is that the hon. Lady's party has so many different policies on so many different days, it is difficult to know whom we would be talking with.

Maria Eagle: Coming from a party that last week had a different policy every day, none of which was in accordance with the majority party's manifesto or the coalition agreement, it is a bit of a cheek for the Secretary of State to put that point to us.

A successful, thriving aviation sector is crucial for our economic competitiveness. It is vital that industry can plan for the future with certainty, not least to deliver the investment needed to provide the additional capacity required if we are not to fall further behind our EU competitors. I welcome the Government's decision to bring forward this Bill and take forward the reforms that we began—

Dr Huppert: Will the hon. Lady give way?

Maria Eagle: I am coming to a conclusion now, so the hon. Gentleman should wait for his own speech—[Hon. Members: "Ah!"] I have given way to him once.

The regulatory regime governing the aviation sector is outdated and inflexible and this Bill will be an important modernisation, enabling the CAA to fulfil its functions in a way that better reflects the industry today, and in a way that can respond to the individual circumstances of our major airports. Putting the passenger at the heart of aviation economic regulation is overdue. I urge the Government to look again at those areas where there is considerable consensus that the Bill could be improved to provide even greater protection to passengers through clearer obligations on airports in respect of their welfare, not least during severe weather.

The Government should also live up to their increasingly hollow claim to be the "greenest Government ever" and place an environmental duty back on the face of the Bill, and give a much clearer steer to the industry by giving their firm backing to—at the very least—the emissions targets we set in government. In addition, Ministers should reflect very carefully on the concerns that have been raised over the proposed transfer of security functions from the Department and ministerial control.

It is one thing for us to agree on a credible regulatory regime for the aviation industry—and I believe that over the course of the passage of this Bill we will be able to agree these issues—but what the industry desperately

needs is for us all to agree a credible long-term strategy for the sector, which will last across Parliaments and will not become a political football again at the next general election as it was at the last. So let us work together on the right way, consistent with the need to tackle emissions and the threat of climate change, to provide the capacity that the industry needs.

Mr Deputy Speaker (Mr Nigel Evans): Order. To accommodate as many Members as possible, a 10-minute limit on Back-Bench contributions has been introduced, but the usual rules apply to interventions, in that injury time will be added on. However, the usual rules will also apply to any maiden speeches that might be made during this Second Reading, which means that no interventions should be allowed.

5.19 pm

Henry Smith (Crawley) (Con): I am grateful for the opportunity to take part in this important Second Reading. I commend the Government for introducing this much needed Bill in the first Session of this Parliament. I waited with bated breath to find out Labour party policy on the future of aviation in this country. I thought that the hon. Member for Garston and Halewood (Maria Eagle) was about to announce an Eagle island airport, but it seems we will have to wait a little longer for that. As my right hon. Friend the Secretary of State said in her introductory remarks, it has been more than a quarter of a century since legislation in the area has been properly reviewed. During that quarter of a century, the airline and airport industries have changed massively.

In 1986, when the then British Airports Authority was privatised and became BAA plc, BAA nearly dominated the market in airports—certainly in London, the south-east and Scotland. At the time, the mix of airlines was different. At Gatwick, we now see the orange tailfins of easyJet, the largest operator from that airport and indeed the country's largest airline. The new terminal 5 at Heathrow airport—I say "new"; it is some years old now—is a hub for British Airways. Virgin Atlantic, headquartered in my constituency, has developed significantly and is now a successful British brand representing the country abroad.

Our airport sector has developed considerably. In 2008, the competition authorities said—rightly, in my view—that BAA needed to divest itself of one of its airports. Gatwick was sold to Global Infrastructure Partners in December 2009. Already, in that short period, there has been significant development at Gatwick airport. I pay tribute to the chief executive of Gatwick airport, Stewart Wingate, and his management team, and to the many thousands of my constituents employed by Gatwick airport and the ancillary industries in the aviation sector locally, for the significant contribution that they have made to transforming the airport over those two short years.

More than £1 billion-worth of investment goes into Gatwick airport. I know that my right hon. Friend the Secretary of State went there recently to witness some of the works. They involve not only upgrades to the fabric of the north and south terminals but the introduction of state-of-the-art security facilities that make passenger travel through the airport more efficient and secure. The investment also includes more than £50 million to upgrade the station at Gatwick. Again, that involves not just the fabric but increased signalling and platform capacity, so that more direct trains can run from the airport to central London, and through London to Bedford and down to the south coast. A lot has happened in the aviation and airport sectors over the past quarter of a century. That has been the experience particularly at my local airport, Gatwick.

In the limited time that I have, I will refer to a few questions and clarifications on some of the Bill's clauses. Clause 5 discusses competition between different parts of an airport. The Bill makes it possible for an airport terminal to be operated by a different company from the one that operates the runway and taxiway—something that we are more familiar with in countries such as the United States. I welcome the possibility of increased competition, which could improve the passenger experience, but I would be grateful if Ministers clarified whether the CAA will have a power to force the sale or lease of parts of an airport, or whether that will remain subject to the competition authorities under the Enterprise Act 2002.

As my right hon. Friend said, clause 6, on the so-called "market power test", outlines a series of tests that must be met if an airport is to be regulated. To determine whether an airport should be regulated, the substantial market power test is to be applied. If an airport is to be so regulated, what would the dominance test be, and would it come under competition law or be decided by the CAA? I would be grateful for clarification.

Clause 12, on the regulation of possible future market power, gives the CAA the power to decide whether regulation is needed in the light of possible future developments at an airport. Again, that power is fine, but will there be any possibility of a review if those events do not take place? It would be strange to regulate for something that does not happen.

I welcome clause 25, on the scope of the right of appeal, because it is important for the airlines that use Gatwick airport and other airports around the country, but I would be interested to know whether there will be any way of preventing vexatious appeals. Furthermore, how rigorous, transparent and fair will the appeals process be?

Clauses 83 and 84, in chapter 2, part 2 of the Bill, deal with information on performance of services at airports. Again, the provision is welcome and will help to enhance the passenger experience as much as possible, but I wonder whether the power of that performance test should be extended to other organisations and agencies operating within an airport. Mention was made earlier of agencies such as the UK Border Agency and of the transparency and efficiency of the UKBA. That point could be applied to other agencies, such as Her Majesty's Revenue and Customs.

In what little time I have left, I would like to highlight one concern. I broadly welcome the CAA being given these powers—it is the agency best suited to have them—but being an important public body it, too, should be subject to the rigour of the National Audit Office. We are asking the CAA to regulate the performance of others, and it is important that, as a regulator itself, it should face the rigour of scrutiny as well.

I warmly welcome the Bill. It is overdue, and I am grateful to the Government for introducing it so early on. Most importantly, it will improve the passenger

[Henry Smith]

experience, but it will also provide for a fair and transparent system for our airport operators and airlines. As was rightly said earlier, as a trading nation we rely on a strong aviation sector, and the Bill does a lot to enhance that.

5.29 pm

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): This is an important Bill. Civil aviation is a vital part of our economy. Regulation must support the industry to operate in the public interest. The call for a new look at regulation has been long standing. Indeed, the Select Committee on Transport in the last Parliament called for a review of the Civil Aviation Authority in November 2006. It has taken a long time to bring this Bill forward.

I am pleased that the Committee had the opportunity for pre-legislative scrutiny, but it was disappointing that the time for consultation was so severely curtailed. Indeed, our response to the draft Bill was published on the morning of the publication of the Bill itself. It is important that the Government should give an assurance that they will consider the points of concern that our report identifies. Our consideration was helped by the evidence of the Minister of State, the right hon. Member for Chipping Barnet (Mrs Villiers). I regret that she is not able to be here today and wish her a speedy recovery.

I should make it clear at the outset that there was general support for the regulatory aspects of the Bill, in particular the flexible licensing system and the focus on passengers. However, we have concerns, including in areas where there was little or no consultation before the Bill was published. First, there is a need for clarity on the definition of the key part of the Bill, the focus on the passenger's interest. There needs to be a clearer definition of "users of air transport services". We recommend that this be clarified to read: "passengers and shippers of cargo, both present and future". We considered the representations made by airlines, and recommend that the position of airlines should be recognised as a secondary duty.

There was support for light-touch regulation. Licensing conditions and their associated costs must be proportionate to the benefits gained, which means that impact assessments are required. We were told in evidence from the aviation industry that the impact of the Bill on an airport handling 10 million passengers a year could be £200,000 a year, a significant amount in these difficult economic times. The emphasis in the Bill on the needs of passengers is welcome. This requirement must be reflected in the licences and the conditions imposed by the CAA. It is important that the requirement for information on the passenger experience, together with the environmental implications, should be clear, relevant and useable. Costs should relate to benefits.

There are two areas of concern and possible omission. First, passport control and immigration are identified by passengers as areas of key concern, yet they are handled by the UK Border Agency, not the Department for Transport. A way must be found to include those aspects when considering the passenger experience under the Bill. Baggage handling was another area of concern identified by passengers, yet it is often provided by private companies on behalf of airlines. A way must be found to include that, too. We were also concerned about an omission in relation to passenger welfare—in particular, in relation to plans to deal with disruption, such as when adverse weather caused major disruption at Heathrow. Although the CAA has spoken about the need to insist on plans to deal with passenger disruption and look after passengers when disruption occurs, there does not seem to be a requirement for that in the Bill. It is important that that, too, should be looked at. We also questioned witnesses about the aviation consumer advocacy panel, which is due to replace the Air Transport Users Council. It was unclear how that panel, representing the interests of passengers, would work or whether its interests would cover cargo as well as passengers. We need much more clarification on that.

There are two areas where powers were introduced after we were able to consider the Bill in draft form. We have questions about both. First, the ATOL—air travel organisers' licence—scheme, first introduced in the 1970s, deals with financial protection for consumers who have purchased air package holidays in the event of a company going into insolvency. The Transport Committee has looked at the operation of ATOL, and at its inadequacies, and we have called for greater clarity in the information available to travellers, so that they can be sure whether they are covered by such insurance, and in the extent of the scheme, so that it is clear which passengers are covered. A power to address this is included in the Bill, but we have not yet looked in detail at the Government's proposals. We hope to remedy that tomorrow, when the Committee will look specifically at the Government's plans for ATOL and at the industry's view of them.

Mr Donohoe: I commend the work of the Transport Committee on the Bill. One area of concern is the effect that the changes will have on the industry and on the economy. Will the Committee investigate that element of the proposals? It seems that only the Minister has shown any optimism about economic growth, and I hope that the Select Committee will look again at that subject when it revisits the Bill.

Mrs Ellman: Economic growth is indeed an important area and, while the Minister stated that it was an objective, it was not made clear how the changes would actually operate. So, yes, we would certainly like to look into that matter further.

Another area of concern relates to the proposed changes to responsibility for security in aviation. Transec was set up in 1991, following the Lockerbie disaster. Aviation security is a matter of prime importance, and aviation terrorism remains a magnet for terrorists who wish to inflict mass loss of life as well as economic disruption. It is a matter of concern that changes are being proposed in the area of responsibility for aviation security without a full consultation on how they will work.

It is proposed that the Secretary of State remain responsible for aviation security policy, with the CAA adopting new responsibilities that would include conducting a review of the aviation security directive, giving advice and assistance to the industry on security measures, monitoring and enforcing compliance with EU and domestic requirements, and carrying out national security vetting on individuals. The changes are linked with a change of approach from "direct and inspect" to an outcome-focused, risk-based approach.

These are major, substantial issues. The changes will involve a £5 million a year transfer of payments from the taxpayer to the aviation industry and passengers. Of greater importance, however, is the fact that they will result in divided responsibilities for aviation security. That is a matter of prime concern, and we call on the Department to be more explicit about exactly how the new system will operate, and to reassure passengers that their safety will still be a matter of supreme importance.

Kelvin Hopkins (Luton North) (Lab): I am grateful to my hon. Friend for giving way, and I apologise for missing the first part of her speech. Airport security has suffered from an ongoing problem of a division of funding, with local authorities having to fund their security. Does she accept that airport security should be funded not only adequately but nationally, as it is a national concern? It should not place a burden on local police forces.

Mrs Ellman: As the bill for security mounts, it is important to give full consideration to how it is to be footed. Passenger security is a matter of prime importance, and it needs to be assessed in an international context as well as in national and regional contexts.

The Transport Committee gives its general support to the Bill, but the areas of concern that we have identified are important ones, and I seek an assurance that the Minister will consider them as the Bill proceeds, so that civil aviation can be promoted to benefit the economy and to enhance the passenger experience.

5.39 pm

Mike Freer (Finchley and Golders Green) (Con): I welcome the Bill, which puts the passenger at the heart of airport regulation and operations. Previously, the airlines were the customer, so the new responsibility to make consideration of the needs of passengers the primary duty is an important step, but it remains important, too, to look at how the Civil Aviation Authority will balance the competing demands of passengers. Indeed, which passengers carry the most clout? Leisure passengers are by far the biggest users of our airports, so are they the most important because of their volume? Business passengers are lucrative and economically vital to our airports, but they lack the clout of volume, so which passengers will have the most pull?

Business and leisure passengers have competing needs at the airport. One may want a quick and slick process; the other may want more services while waiting to depart. More retail and more seating means less space for security screening: one generates income, one incurs expenditure, so how will the regulator balance those competing demands?

What about the airlines? The passenger may be the end-user of the airport, but the airlines have the operational interface with the airport infrastructure, so a secondary duty to have regard to the airlines is important—indeed, crucial. It remains unclear how the regulator would balance those needs against those of the passenger. For instance, a budget airline might choose to use steps and buses because it is cheaper than using air bridges, but in terms of passenger experience air bridges are far more popular, so which wins out—the passenger or the airline? These competing demands will, I hope, become clearer as the Bill proceeds.

Passenger experience is key, but one aspect of it that the Bill does not address is the experience of inbound passengers at immigration operated by the UK Border Agency. I do not believe that any Bill dealing with passenger experience can choose to ignore that part of the welcome to the UK—for British or external citizens. I appreciate that the UK Border Agency is a Home Office responsibility, while airport regulation is a Department for Transport function, but we need to ensure that customer experience during one section of the journey is not destroyed by poor service at the end of the journey. As the Bill proceeds, it should be possible to ensure that there is no departmental turf war. It is time for the UK Border Agency to become more transparent on behalf of customers and the airlines.

The current UKBA target is to clear 95% of non-European economic area passengers within 45 minutes. The measurement of this target is based on sampling, with queues sampled at various times of the day. The latest figures I saw for the first half of 2011 showed that 95% cleared in 45 minutes, but that is completely misleading for the customer experience. In fact, terminal 4 is by far the worst, with queues averaging more than 45 minutes 17 times a week—about three times a day. If we are to talk about civil aviation and UK passenger experience, it is important that UKBA immigration is brought into the picture.

Transparency must be dealt with as the Bill proceeds. It must be possible to force the UKBA and the unions to address rostering flexibility and the redeployment of staff across terminals to match the passenger volume information provided by the airlines. Airlines provide passenger loading information 48 or 24 hours—sometimes even two weeks—before a landing, yet the UKBA seems incapable of rostering and redeploying people across the terminals appropriately.

Let me move on to deal with the issue of regulated and unregulated airports. The decision rests with the CAA, but the danger is that Heathrow will end up as the only regulated airport, which could place it at a disadvantage, especially if there continue to be more flights to the BRIC economies—Brazil, Russia, India and China—from Frankfurt and Schiphol than from Heathrow. The list of regulated airports needs continuously to reflect competitive forces between airports—not just market influence and not just within the UK markets.

Let me deal with one particular example of customer experience that needs to be looked at as the Bill proceeds. I refer to the impact on security. I think it right for the proposed regime to involve risk-based outcomes, and if risk-based outcomes lead to different screening regimes, we must accept that. The risk profile of a pensioner from East Finchley returning from a package holiday on the Costa Brava is very different from that of someone returning from a terrorist hotspot elsewhere in the world, and that person will need to be screened differently.

We need to work with our European partners to establish a Europe-wide procedure that reflects risk. For example, a passenger leaving New York is heavily screened, and is virtually strip-searched before entering a plane departing from the United States. When that passenger lands at Heathrow, an equally strict security regime applies. We force him virtually to leave the airport and check in again, undergoing all the necessary security procedures. That not only worsens the customer experience of the transit passenger, but lengthens the queues of

[Mike Freer]

people seeking to undergo the normal security checks. I realise that there are Schengen rules that need to be dealt with, but I do not believe that it is beyond the wit of the Department for Transport to deal with them.

Kelvin Hopkins: I have travelled through Heathrow many times, and have often seen queues unstaffed. More staff could mean more queues and a more rapid experience for passengers. It would be helpful to spend a little more on the UK Border Agency, would it not?

Mike Freer: That is a good point. However, this is about not just staffing but the use of technology and the deployment of staff. Airline representatives tell me that there can be a quiet arrival hall in one terminal and a packed arrival hall in another, but that it is impossible to redeploy staff from one terminal to the other quickly. It is not merely a question of the number of people manning the desks; it is a question of how the UKBA and the unions choose to deploy them.

We must work with our European partners to dovetail changes to Schengen in at least the major European airports, so that those who have already passed through highly screened areas are not forced to be screened again, and we can improve customer service and relieve the pressure on domestic passengers. The customer must be an integral part of civil aviation, and penalties for poor performance are crucial.

The Bill takes a significant step to protect airline-based holidays for the customer, and I welcome it.

5.47 pm

Mr Tom Harris (Glasgow South) (Lab): Thank you for giving me an opportunity to contribute to the debate, Mr Deputy Speaker. Let me begin by offering my best wishes for the speedy recovery of the Minister of State, Department for Transport, the right hon. Member for Chipping Barnet (Mrs Villiers). I trust that when she returns to her duties after that speedy recovery, she will use her ministerial car rather more often and her push bike rather less often.

Fiona Mactaggart (Slough) (Lab): Why?

Mr Harris: I would never suggest that any Minister should do anything other than what I did when I was a Minister.

Too often in these environmentally conscious days, those in the airline industry are seen as the bad guys. I see a parallel with the car industry and car ownership. Although I do not consider myself to be a class warrior, I observe some class consciousness in the debate. Car ownership was initially seen as a good thing that improved the quality of the lives of those who could afford it, but as cars became cheaper and more ordinary working people could afford to own one, they suddenly became a threat to the environment. I see the same happening with air travel. It was a wonderful thing that made every corner of the globe accessible; but then ordinary people had the damned cheek to afford to use it regularly. Fares were reduced, and suddenly it too was a threat to the environment—what a surprise—rather than the opportunity that it used to be. My own view, which I hope is shared throughout the House, is that a healthy, expanding airline industry is essential to any successful nation, and if the Bill contributes to that end, I welcome it.

Mark Lazarowicz: Does my hon. Friend agree that it is also important for the aircraft industry to try to produce more environmentally friendly and environmentally efficient aeroplanes, and that the absence of measures to encourage that is regrettable?

Mr Harris: I entirely agree, and that is precisely what is happening in the airline industry. It is acutely aware of its responsibilities in this respect, which is why I do not see it as the enemy of the environment.

I note that my party's Front-Bench team has accepted the Government's decision not to go ahead with the third runway at Heathrow; indeed, the shadow Secretary of State said that in today's debate. I trust that that acceptance is based on the parliamentary arithmetic—on the fact that the Members who support the third runway are outnumbered by those who do not—rather than on agreement with the Government's arguments. The real reason the Conservative party opposed the third runway when in opposition was votes. It was concerned about seats to the west of London, not the health of the UK economy and the airline industry on which we depend. It was seats that were uppermost in the Conservative party's mind when it chose to oppose the previous Government's support for Heathrow.

Fiona Mactaggart: My hon. Friend refers to seats to the west of London. Does he accept that many of those seats depend hugely on Heathrow for local employment?

Mr Harris: I entirely agree. In 2009, I spoke twice in support of the Government's plans to build a third runway, and I did so with jobs and the economy in mind, along with the conviction that the Conservative party's stance at that time was based on cynical electoral calculation rather than any concern for the environment.

I look forward to hearing the contribution of the hon. Member for Spelthorne (Kwasi Kwarteng). I believe that, like me, he supports the third runway—although he might wish to correct that. His predecessor in this House also supported it; he courageously stood against his party's line, and it is a pity that he chose to retire at the last election—although I am, of course, delighted that the current hon. Member for Spelthorne is now a Member of this House.

The hon. Member for Perth and North Perthshire (Pete Wishart) referred to the sale of British Midland International and the impact on Scottish air services. Those of us who supported—and still support—Heathrow's third runway pointed out the blindingly obvious fact that a continued squeeze on capacity at Heathrow would inevitably lead to the withdrawal of domestic slots in favour of more profitable international slots. Earlier this month, BAA chief executive Colin Matthews warned:

> "Capacity constraints are damaging the UK economy today when the country can least afford it."

The Conservatives may have won the vote on the third runway, but they have certainly not won the argument.

Kelvin Hopkins: May I point out both that our party has also accepted that there will be no third runway at Heathrow and that one way of relieving capacity at

Heathrow would be by shifting some medium-haul and short-haul flights to Luton?

Mr Harris: My hon. Friend makes a perfectly understandable constituency point, which I am sure will not have gone unnoticed by the *Luton Observer*, or whatever his local paper is called.

The provision of security is of great concern to all our constituents. The Government's policy paper that was published at the same time as the Bill in November claimed that the transfer of aviation security regulations functions would save the taxpayer £24.6 million over 10 years. However, it also stated that the CAA would incur costs of £5 million each year, more than double the level of savings to the Department for Transport. Will the Minister explain either in summing up or in Committee why this transfer of powers appears to result in a net annual cost increase of £2.5 million? If that is because we can expect a more secure airport experience, I welcome the move, but if there are to be higher costs but no improvement in security, I will be concerned, particularly if that extra cost is to be passed on to the travelling public, which I understand is the case.

I welcome this Bill, however, and, without wishing to second-guess the great wisdom of the Labour Whips Office, may I say that I look forward to scrutinising it in Committee in the weeks ahead?

5.54 pm

Kwasi Kwarteng (Spelthorne) (Con): I had prepared some introductory remarks, but in view of the kind comments of the hon. Member for Glasgow South (Mr Harris), I should perhaps clarify my view on the third runway. In the course of my brief parliamentary career, I have never explicitly come out in favour of the third runway, but those who know me know that I am very partial to it, even though I am not necessarily saying it is the only solution to the aviation capacity problem the country faces. It is, however, vital for the economic future of our country that we solve this problem, especially given the stagnant growth here and in the eurozone. Too often in our post-war history we have adopted short-term policies that have impeded our long-term growth. I hope that our future aviation policies will not impede our future growth, however. The question of aviation capacity in the south-east is very important. We have debated it in the House before, and I have written about it.

I turn now to the Bill itself, which is a slightly different subject. The Bill is to be welcomed for a number of reasons. Most notably, our current civil aviation rules were framed almost three decades ago in the 1980s, and the Bill makes laudable attempts to modernise the regulation of this important industry. The broad thrust of the Bill is to place the customer at the centre of any considerations, and that should be supported. Its measures will establish as the Civil Aviation Authority's primary focus the promotion of the interests of the passenger, and the entire industry accepts that that should be the case.

There is, however, a wider question, which was raised by the Select Committee, of which I am privileged to be a member. We found in our pre-legislative scrutiny report that the CAA should have as a secondary duty the need to take account of the reasonable interests of the airlines. Some might say that the airlines are very good at looking after themselves as they are quite well financed and have good lobbyists. When addressing aviation issues, however, we must consider all the participants, including airports and airlines as well as passengers. It is a commonly held belief that in the field of competitive air transport the needs of the airlines are closely aligned with those of the passengers, and I agree. As their interests are generally aligned rather than in conflict, we must consider including this secondary duty in the Bill. As this is to a considerable extent a co-operative industry, with airlines, airports and passengers all part of the mix, I strongly support the Bill's providing for symmetrical rights of appeal, allowing airlines as well as airports to appeal to the Competition Commission.

The Bill's provisions granting publication duties to the CAA in respect of all airports is also welcome. These days, transparency is essential; customers rightly want it, and airlines should welcome it too. The CAA must promote better information on customer service and environmental effects. No one disputes that the airline industry stands on the front line in the war against carbon emissions, but we must recognise the achievements of the industry in our country: the airline industry in Britain is at the forefront of addressing climate change and environmental protection. In that regard, it is better than any airline industry in any other country. Before we burden our industry with yet more regulation, we must pause to acknowledge its achievements in this field. Naturally, the information about airlines should be comparable and fair, but the move to transparency is certainly a step in the right direction.

I think that the transfering of security regulation from the Department for Transport to the CAA is a good thing. Obviously, details will have to be refined and clarified and in many cases things will have to evolve, such as how the structure will work, but it is quite right that a Government who have made decentralisation one of their guiding principles should delegate responsibility in this regard. There is a view that such a move is simply a way of reducing Government costs, but in my view it is quite right so to empower the CAA, although more details will have to be supplied.

Clearly, this is only Second Reading, so I am happy to support the Bill at this stage, but there are wider issues of concern. The CAA is the only major economic regulator for which the National Audit Office has no real remit, as has been mentioned, so there should be an explicit duty for the CAA to act in an efficient manner. That, indeed, was what the Transport Committee found.

More broadly, we must be very careful as regulation in civil aviation throws up the important issue of regulatory costs. If Britain's aviation industry is to thrive, it is clear that we should not impose too many or too onerous burdens on our businesses that operate in the field. Not only are financial burdens onerous, but a more complex regulatory environment can pose its own problems. The CAA already charges airports a small levy for every arriving passenger, from which source of finance it seeks to undertake its functions. Those charges are set to increase by a third in April 2012 and it is apparent that the provisions in the Bill might add to it costs for airports. Given the increase in air passenger duty, we are in danger of burdening the industry with ever more costs, impeding its ability to drive the economic growth we all keenly anticipate.

[Kwasi Kwarteng]

This is Second Reading, however, and I am quite happy to support the Government at this stage. I only hope that more details can be thrashed out and considered in Committee and on Report.

6.2 pm

Phil Wilson (Sedgefield) (Lab): Aviation makes a major contribution to the UK economy: the industry makes up £19 billion to £20 billion a year of our gross domestic product and employs 600,000 to 700,000 people. My concern tonight, in the context of this Bill, is the future of regional airports and the connectivity they offer between the regions they serve and the rest of the world.

In 1995, Heathrow served 21 domestic destinations and today it serves only six, only two of which are in England. Durham Tees Valley airport in County Durham, which is in my constituency and has part of its runway in the Stockton North and Stockton South constituencies, was once connected to Heathrow, but in February 2009 British Midland International—bmi—withdrew its service. Durham Tees Valley still has a twice daily flight to Schiphol airport in Amsterdam, and Schiphol and Charles de Gaulle airport in Paris now serve more regional airports in the UK than does Heathrow. I understand that bmi withdrew its slots from Durham Tees Valley to Heathrow as it wanted to use them for more lucrative long-haul flights into the capital, but those slots have yet to be filled. Although it might make sense to have the long-haul flights, there is a problem for connectivity between the regions, economic development and the global economy.

BAA bills Heathrow as our global gateway, but that cannot be true if only two regional airports in England have access to the international links through that airport to the rest of the world. The route to Schiphol from Durham Tees Valley is excellent and serves the Tees valley well.

Let me tell hon. Members something about the Tees valley and why it is so important that we maintain the connectivity between the airport and the rest of the world. It has to do with the size of the industry in the area. The economy of the Tees valley is based on the largest integrated process industrial complex in the UK. It contains industries specialising in petrochemicals, energy, renewable energy, biofuel and steel making. It has the third largest port in the UK and there is also a world-class advanced engineering industry based on the design, construction and maintenance of petrochemical plants, power stations and major infrastructure such as bridges. In addition, the region has the Wilton centre, which is Europe's largest non-military private sector research centre. The petrochemical industry alone contributes £3.5 billion to the UK economy and 70,000 UK jobs depend on it. On top of that, Hitachi Rail Europe is coming to Newton Aycliffe, which is in my constituency and about 12 miles to the west of the airport. Again, a worldwide industry has been attracted to the region.

Although we have the link to Schiphol, I understand that it does not provide a connection with Australia and that the number of flights that connect to the middle east and north America have reduced in recent years. That is why the routes into Heathrow are so important. As the bmi slots into Heathrow have yet to be filled, I want the Government to consider some kind of public service obligation so that the slots remain reserved for flights from Durham Tees Valley into Heathrow. I have been pressing for that for several years, even before 2010, when Labour was in power. I would like to have the opportunity to discuss the matter with the Minister, in a meeting if possible, to see whether we can make progress. At the moment, there are about three PSOs in the UK: two in Scotland and one in Wales. In Europe, however, there are about 250, and they keep regional airports connected to international hubs.

That proposal is important for Durham Tees Valley airport, especially today. As we know in the north-east, the airport is being put up for sale by Vancouver Airport Services and Peel Airports Ltd.

Alex Cunningham (Stockton North) (Lab): My hon. Friend and neighbour has proved to be a great champion for our local airport, which, as he said, is up for sale. Does he agree that when considering the future of Durham Tees Valley airport, as well as taking into account all the points he has made, the directors must seriously consider all offers to secure an expert company that is interested in providing the widest range of services at the airport rather than potential owners who are simply interested in serving the interests of shareholders and are not committed to a long-term viable future for the airport?

Phil Wilson: My hon. Friend makes a very important point. Transparency is very important when it comes to the sale and I know that the board is meeting every week at the moment to ensure that everything is out in the open. It is vital that whoever takes over the airport ensures it is there for the benefit of all the region, not just the shareholders.

Five or six years ago, approximately 900,000 passengers a year used the airport, but that figure is now down to 180,000 or 190,000. The largest part of those passenger numbers comes from the KLM flights between Durham Tees Valley and Schiphol. It is important that in the sale of the airport we ensure we get someone who will invest in the facility.

The airport has a proud history. It was originally known as Goosepool airport and then as RAF Middleton St George, and it was an RAF Bomber Command station during world war two. The airfield began its life as Royal Air Force Station Goosepool and in 1941 became RAF Middleton St George. The aerodrome opened as a Bomber Command station in that same year and, after the war, it served various squadrons. In 1964 it was sold and became Teesside International airport and, in 2004, it became Durham Tees Valley airport.

I understand that there are several prospective buyers for the facility at Durham Tees Valley, and I want to make sure that, whatever happens, it remains a commercial airport. If that is not to be the case, I want to make sure that it still has an aviation purpose for the north-east, whether as a general aviation facility, a cargo facility or a commercial operation. It is vital that there is a future for some kind of aviation in the Tees valley in whatever guise, because the business is needed—as I have said, it is a massive industrial complex—the tourism is needed, and investment in the facility by whoever buys it is needed.

I want to see an aviation future for Durham Tees Valley because connectivity is very important to an area with such a huge and internationally important industrial base. It is important to keep a commercial airport, but there is also a great need for the wider aviation facility. There has been criticism of the airport in the local press, but now is not the time for criticising Durham Tees Valley—we should be supporting its sale. I want the airport to have a viable aviation future that will benefit the whole region, as it is an important economic asset. The time for criticism, celebration or both is after the sale period, which I understand will be in the next week or so. In the spirit of the cross-party consensus this Bill has secured, I hope that the cross-party consensus among Tees valley MPs will also continue.

Finally, I should like to ask a question about the Bill. I understand that some of the inspections that the CAA currently undertakes will continue but that their cost will be transferred to regional airports and ultimately, I should think, to the customer. To avoid placing unnecessary burdens on regional airports and customers, will the Minister look at this issue again and let us know in today's debate whether that is case? In an age in which greater connectivity and globalisation are bringing the world closer together, regional airports and the regions they serve deserve to be part of that economic growth, connectivity and globalisation and the economic wealth they can bring.

6.12 pm

Dr Julian Huppert (Cambridge) (LD): I do not want to disappoint the House but I am not going to speak in great detail about Cambridge international airport and the wonderful services it provides. Hon. Members can come on some other occasion to hear about that.

Changes to the regulatory framework of civil aviation are long overdue and the changes in the Bill are broadly welcome. The Bill builds on the findings of the 2008 Pilling review, which noted in particular the need to bring the legislative framework up to date. Work on the proposals began under the previous Administration and is being carried forward by the coalition, so the measures clearly have cross-party support, which I welcome. We in the Liberal Democrats particularly welcome the Government's aspiration to put passengers at the heart of airport operations and the sections of the Bill that help to accomplish that. For too long, transport policy has been based on the top-down, central control of large systems. An effective transport system, whether for airports, trains or anything else, should be passenger-focused and should be viewed from the bottom up, so the new duty on the CAA to focus on end users is extremely welcome. Having said that, I would like to see more in the Bill about environmental considerations and I would be interested to hear whether a duty to consider such issues could be put into clauses 1 and 2, because the environmental performance of the aviation industry matters.

I should also like to know a bit more from Ministers about the measure that puts a duty on the CAA regarding

"the need to secure that all reasonable demands for airport operation services are met".

I should particularly like to know what is reasonable. Is it reasonable for me to expect there to be flights from Cambridge international airport to any destination I choose? I presume not, but what would be a reasonable expectation?

I welcome the reforms to the air travel organisers' licensing regime, which was put in place back in 1982. Since then, the way in which we buy holidays, and what those holidays involve, has changed dramatically. It is entirely appropriate for the Secretary of State to have the power to extend the scope of ATOL to give passengers the assurances they deserve, and it is clearly absurd that only a small proportion of holidays are covered currently and that many consumers are simply unaware whether they are protected or not. However, I am concerned that some organisations might still be excluded under the proposed changes, and I hope that it might be possible to consider going somewhat further. I believe that the Transport Committee is talking to ATOL tomorrow—

Iain Stewart (Milton Keynes South) (Con) *indicated assent.*

Dr Huppert: I am grateful to see the hon. Gentleman nodding, and I hope that some of the information the Committee produces can be taken into account in the Bill.

There are some welcome provisions in the Bill that will open up Government data concerning airports. Having open public data is a key aim of the Liberal Democrats and of the coalition's programme for Government. The CAA will be given the power to enable airports to publish data to assist passengers or potential passengers in making informed choices. The best way in which the Government can drive up standards is by empowering individuals to make informed choices, and that is what these measures will achieve. The new power for the CAA to publish information about the environmental impact of aviation is also welcome. The real costs of airplane emissions are often hidden, and the Government have a duty to make them known as a first step towards making sure that something can be done to reduce them.

Most of the changes in the Bill have been subject to extensive consultation over the many years of its gestation. Papers from the previous Administration and the coalition Government have generally had positive feedback and the recent draft Bill was broadly welcomed by the industry. However, there are some aspects of the Bill that I hope will be considered in more detail in Committee. First, it seems slightly odd that there are new powers for information regarding the environmental impact of aviation to be published but that there is no commensurate duty for the CAA to do anything about the issue after publishing that information. The CAA will have a new power to publish information to benefit passengers and a duty to work in their interests. I therefore think that the power to publish information about the environment should be matched by a duty to act on that information.

Mark Lazarowicz: Is it not more serious than that? The Bill will allow licensed conditions to be imposed, based on certain criteria, but those conditions will not include environmental ones, so it seems that the CAA will not be able to include environmental considerations in the licences it grants.

Dr Huppert: The hon. Gentleman makes a fair point and I am sure that this issue will form a significant part of our discussions in Committee.

Clause 84(2) says that the CAA

"may publish guidance and advice with a view to reducing, controlling or mitigating the adverse environmental effects of civil aviation in the UK."

[Dr Huppert]

I think the wording could be stronger and say that it "must" do so and, hopefully, take that further. Aviation accounts for a significant and growing proportion of our carbon emissions and it also has a significant noise impact, which we must take into account. The body that regulates aviation must have regard to these facts and bear some responsibility.

Mr Donohoe (Central Ayrshire) (Lab): Will the hon. Gentleman at least concede that the airline business has improved its environmental impact greatly in the past 10 or 20 years?

Dr Huppert: Indeed, it has, and I have had discussions with Rolls-Royce, which makes a number of new engines that perform significantly better in that regard, but there is still a long way to go. It is certainly true that emissions per passenger have declined, but the number of passengers has gone up and there is a complex factor relating the two. We need to go further in making sure that planes are fully utilised. We have had discussions in the Chamber about trying to change from a per passenger duty to a per plane duty, and I hope we will be able to go further and resolve the anomalies regarding the Chicago convention that prevent that change.

The Bill provides the Secretary of State with the power to ensure that information is published but does not go as far as requiring the CAA and airports to do so. It could go slightly further in that direction to ensure that passengers are provided with the information to which they are entitled rather than leaving it to the whim of whichever Secretary of State happens to be in charge. I am not suggesting that any Secretary of State in the current Government would be so foolish as not to go the full way in that regard, but one can never know what a future Government or Secretary of State might do. Of course, environmental information should be provided as a matter of course, and I hope, for clarity, that clause 84(2) will explicitly include carbon dioxide emissions and other greenhouse gases.

I should also like to understand a little more about how the penalties in the Bill were arrived at. Obviously, we hope never to have to use any of the penalties for failure to comply or to provide information, but they are somewhat complex. Clauses 44 and 45 have a complex formula based on turnover, clause 51 has fixed amounts, clause 52 has unlimited ones, clause 86 has very low penalties and clause 87 goes back to unlimited ones. I hope that the Minister can give us some clarity as to exactly how those penalties were decided.

Clause 104 deals with the disclosure of medical information, which requires proper scrutiny and some clarification. The clause allows the CAA to disclose medical information relating to flight crew and air traffic controllers in an anonymised form for the purposes of medical research. I can absolutely see how that would be beneficial and why we should want to introduce it, but I am concerned that in a small airline it might be possible to identify an individual using a combination of the information provided and data that are publicly available on the internet. That could pose a serious threat to privacy. This clause requires close scrutiny to ensure that de-anonymisation of data is not possible. I am aware of academic work that has been done on data that were about to be released by the Ministry of Justice. A group was challenged with trying to de-anonymise information from anonymised data and it turned out to be worryingly easy to do in a number of cases. I hope that Ministers will look at that issue.

Mark Lazarowicz: Will the hon. Gentleman give way?

Dr Huppert: A number of people still wish to speak, so I shall not give way again.

The Select Committee on Transport made some sensible recommendations to the Government, which I am sure will be given due consideration. For example, it noted that the aviation industry has concerns about the way in which the CAA will implement the new provisions, given the difficult business conditions that many regional airports face. It also noted, as have many hon. Members today, that the CAA is the only economic regulator that does not fall under the remit of the National Audit Office, and it recommended that an explicit efficiency duty for the CAA be inserted in the Bill or, indeed, we could make the NAO responsible for supervising the operation of the CAA. The Government have not yet provided a full response to the Committee's recommendations, but I hope that they will do so as soon as possible and look at those sensible ideas.

Overall, the Bill offers crucial modernisation for civil aviation regulation, and it will help to promote success and competition in aviation. The Liberal Democrats welcome the focus on passengers, the reform of ATOL, the sensible framework for economic regulation and the opening up of public data. I hope that in Committee we can ensure that the Bill properly delivers the Government's aims and creates a sustainable future for civil aviation in this country based on open data, proper regulation, sustainable transport and passenger-led reforms.

6.20 pm

Gavin Shuker (Luton South) (Lab/Co-op): I am extremely grateful for the opportunity to speak in this important debate, and to follow the hon. Member for Cambridge (Dr Huppert). I am disappointed that he did not spend more time discussing his airport, of which I am a great fan, as I flew from there when I was in the Air Training Corps. However, there is an airport slightly closer to my heart now, given that I represent Luton South.

Many hon. Members have said that aviation is crucial if we are to achieve economic growth and change—a green economy—in future. I do not dissent from that view, as aviation has an important role to play. There are pressures on capacity in the south-east, for example, that I should like to discuss, but first I shall turn to the Bill. I was a member of the Select Committee on Transport when it examined the woeful performance of BAA in the winter weather of 2010. It was clear that there were major, extensive problems at Heathrow, and our report, which was quite authoritative, if I say so myself, underlined the way in which regulatory issues ended up affecting BAA's performance.

I shall give an anecdote that stuck out for me when we took evidence on the inquiry. When Heathrow published its monthly performance figures in December 2010, it passed 56 of the 60-odd measures proposed at the time, because they did not measure what was important to passengers: the ability to leave the gate on time, and the

conditions in which they were looked after. It is crazy, given the fact that there were delays of up to 72 hours for many passengers—we saw the scenes on our screens—that the performance measures that were taken into account did not show the problems at the airport.

It is not just Heathrow that is a problem, as the issue is on everyone's mind. It is also about how the wider industry relates to the CAA, and how we hold the CAA to account. In that regard, the Bill is extremely welcome. The role of the CAA in taking on security is a welcome measure, as is the CAA having more flexibility and setting the licensing scheme for UK airports. However, airlines too are customers of airports; it is not just the end passenger who is buying a ticket. Indeed, as a user of airlines, I put my primary faith and expectation that everything will work in the airline's hands: whether it is easyJet, BA, Virgin Atlantic or Ryanair, I would want to hold them to account. Sadly, when there are failings in airport operation, customers and passengers go to the airline in question, and the Bill could do more. I therefore support the introduction of a secondary duty for the CAA. The primary duty to the 210 million or so passengers is important, but there should be a secondary duty to ensure that airlines are served effectively by the CAA.

The CAA believes that its adoption of security functions will impose an additional £5 million charge on the industry, but there is little in the Bill about how scrutiny will be enhanced for the CAA. As my hon. Friend the Member for Poplar and Limehouse (Jim Fitzpatrick) pointed out, we will seek to be helpful in Committee and amend the Bill. The NAO has a role to play in holding that major economic regulator to account.

On the wider issue of aviation, the Bill is extremely welcome, as it does many sensible things in a sensible way. However, it does not serve to fill the vacuum of aviation policy in this Parliament. We face a major capacity issue in the south-east, and there are broader environmental and economic concerns—we all accept that. However, the policy vacuum on capacity, particularly in the south-east, is not answered by the measures. In my own patch, London Luton airport can do much to assist with the solution to those problems.

Mr Donohoe: Given that it is rumoured that the Ministry of Defence is proposing to sell off RAF Northolt, does my hon. Friend believe that it is feasible that that could be part of the equation in overcoming the problem of congestion in the south-east?

Gavin Shuker: My hon. Friend makes an extremely strong case. I have looked at those proposals, and that airport is only a few miles from Heathrow.

Mr Donohoe: Four miles.

Gavin Shuker: Indeed, but I am not qualified to make that assessment.

My hon. Friend does, however, make the point that no options should be off the table. We have said, despite the fact that we made a manifesto commitment to a third runway at Heathrow, that we are willing to take that off the table if it enables us to enter into cross-party talks. These are long-term decisions taken for the country's future, and that is a statesmanlike approach by our Front-Bench transport team. Failure to do anything is not an option. The capacity challenge in the south-east can be tackled if Luton airport increases its capacity from 10 million passengers to 18 million over a period. That is part of the answer, but it does not answer the broader question of how we establish a serious hub airport that can compete with other airports, particularly in Europe, on level ground.

In Luton, we can achieve 18 million passengers without significant ground works, and without extending the runway or building a second runway, which is welcome. We are 25 minutes from St Pancras—practically zone 3 on the London underground. We are one of the big four airports that, I believe, we are seeking to expand. Luton ultimately can absorb only a small amount of the additional capacity that is required, and we have heard different suggestions from different people in recent weeks. The expansion of Heathrow is not on the table, and we understand why the Secretary of State holds her personal convictions. An additional runway at Stansted has been ruled out. We have heard about the plans for "Heathwick", linking Heathrow and Gatwick, although I am not sure exactly what those proposals would achieve. In the past fortnight, we have heard about "Boris island", but whatever option we choose, we must find a long-term solution to the problem of capacity. If the Government are unwilling to do so while they are in power, we will have to face up to those problems when we are in government.

Mark Lazarowicz: Does my hon. Friend not agree that one of the drawbacks of "Boris island" or, indeed, any other plan for the Thames estuary is that it would set at naught all the ideas about linking high-speed rail to Heathrow airport if, at the end of the day, that airport moved somewhere 30 miles east?

Gavin Shuker: My hon. Friend makes a good point about high-speed rail, which is not a substitute for additional air passenger transport movements. It may be excellent at linking, for example, Birmingham and Heathrow, and our Front-Bench team has suggested proposals about how better to do so. This is a real issue of capacity that affects our economy. We cannot leave it to future generations to solve the long-term problems that we must face up to ourselves.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Nigel Evans): Order. Members have shown amazing self-discipline in the length of their speeches, so I am able to increase the time limit to 12 minutes.

6.29 pm

Fiona Bruce (Congleton) (Con): I welcome the Bill and propose to speak chiefly to clause 94, which amends section 71 of the Civil Aviation Act 1982 and improves ATOL protection for consumers, as I believe that these are the provisions that are of most interest to my constituents. To clarify why the proposals are so welcome, I will briefly outline the current ATOL scheme's inadequacies that require remedying in order to meet the requirements of passengers in the 21st century.

The ATOL scheme, which was introduced in the '70s, provides financial protection for consumers who purchase air package holidays in the event of a travel company

[Fiona Bruce]

going into insolvency. Affected passengers are entitled to a full refund if they are yet to travel or repatriation after completing their holiday if they have already reached their destination. However, the current ATOL scheme does not apply to airlines that are specifically excluded under legislation or to airline agents where airline tickets or a similar airline booking confirmation has been issued, which means that a booking made directly with an airline just for a flight on an aircraft they operate, for example by using their website, is not covered by ATOL. Airlines can sell flights and flight plus without providing financial protection, flight plus being a booking for a flight that is sold together with accommodation and/or car hire at the same time or within a day of each other. Many consumers are totally unaware that they have no financial protection for such bookings.

However, confusingly for consumers, under the 1990 EU package travel directive airlines are now required to provide financial protection for the sale of package holidays. In practice, some airlines sell package holidays with ATOL protection, but other airlines sell only flight plus without any statutory financial protection at all. Even more confusingly for the consumer, although the ATOL logo on websites and in brochures signifies that the business in question holds an ATOL licence and thus meets the CAA's financial fitness criteria, that does not mean that every holiday the business sells is ATOL protected. The ATOL licence holder may sell holidays and travel arrangements that are not ATOL protected since they fall outside the legal scope of the current scheme. In effect, it is left to the consumer to check whether their holiday arrangements are covered by ATOL, but how many would know how to do that?

The last decade has seen important changes in the UK market for holidays and flights, particularly a move away from traditional package holidays in favour of independent travel. This has been facilitated by the emergence of low-cost, no-frills airlines and the use of the internet. Holidays are often created by consumers buying the various components from a range of flight, accommodation and other options. This might involve purchasing from a single provider or, in many instances, from linked websites. For instance, an airline website might contain a link to an accommodation provider's site. Holidays created and sold in this way are often referred to as dynamic packaging, mix-and-match holidays, DIY packages or tailor-made holidays. This development could not have been foreseen when the ATOL scheme was introduced 40 years ago or when the package travel directive was agreed more than 20 years ago. Indeed, the proportion of ATOL protected holidays has dropped from 97% of all leisure flights in 1997 to less than 50% in 2010 and, if action is not taken, will undoubtedly decrease further.

There is therefore a strong case for reforming the ATOL scheme to reflect better today's holiday market and so that consumers can be clear when their holiday is protected. The CAA agrees and has stated that

"ATOL needs reform... to remove the risk of increasing financial detriment to consumers."

This is particularly so in the current economic climate, when significant sums from a household's annual budget are spent on such transactions.

In addition, holidays purchased on an "agent for the consumer" basis are also in many respects outside the current ATOL scheme. Traditionally, travel agents act as agents for the supplier and sell holidays to customers on behalf of travel trade suppliers, but they can also sometimes act as agents for the customer and technically buy the holiday on their behalf. This is an important distinction. Agents for the consumer are not legally making flight accommodation available and so are currently not required to have an ATOL licence or to provide any other form of financial protection for holidays.

However, it can be difficult, if not impossible, for consumers to know in what capacity a travel agent is acting, which can create considerable detriment and uncertainty. In practical terms, the distinction is completely irrelevant for a consumer until they need to claim for cover and might find cover non-existent. Then it becomes very relevant indeed. Even some travel companies are not fully aware of what acting as "agent for the consumer" entails or their obligations to explain to consumers the implications for ATOL protection. In short, the current ATOL scheme no longer fulfils its intended purpose.

Clause 94, by greatly broadening consumer protection and bringing airlines and "agent for the consumer" transactions into the scope of the ATOL scheme, effectively brings the scheme into the 21st century. Following appropriate consultation, the Bill will enable the Secretary of State to make regulations requiring airlines to hold and act in accordance with an ATOL licence when making available flight accommodation, except where they are doing so on a flight-only basis on aircraft that they operate. For the purposes of the clause, flight accommodation is taken to mean accommodation for the transport of persons on flights in any part of the world. In effect, all airline package holiday and flight-plus sales are to be ATOL protected. Having said that, some exceptions remain, and I welcome the discussions, which have been referred to, between ATOL and representatives from the Transport Committee on the possibility of ATOL cover being widened even further. I very much welcome the Bill and the effect it will have in providing additional consumer protection.

Before concluding my remarks, I want to touch on another point relating to passenger protection: pilot fatigue. Although perhaps peripheral to the Bill's main aims, this issue is vital to the many pilots in my constituency who work out of Manchester airport and, in turn, to their passengers' welfare. I have spoken with a number of pilots about the matter and attended briefings, in the House and elsewhere, where it has been raised with great concern. Pilots in my constituency are extremely concerned that any relaxation of this country's current restrictions on permitted crew flight hours could push pilot fatigue to intolerable levels and seriously affect passenger safety. The issue was raised in the other place only last week by the noble Lord Monks, who is president of the British Airline Pilots Association.

Pressure on crew and aircraft for turnarounds is increasing as demand for air travel rises, and this is reflected in the requirements that airlines are putting on pilots. The European Aviation Safety Agency has made proposals that would reduce the current UK standards on flight time limitations. The Government spokesperson in the other place replied to the noble Lord Monks that the Government would support the proposed requirements only if the CAA determines that they

provide an appropriate level of protection against crew fatigue. That was a welcome comment pointing in the right direction.

Mark Lazarowicz: I have been contacted by many of my constituents who work in the aviation industry, including pilots, and who are extremely concerned about the proposals. I am sure that the whole House is with the hon. Lady in wanting to see the Government and the European authorities ensure that no danger to safety is brought about by the proposed changes.

Fiona Bruce: I thank the hon. Gentleman for that intervention.

In responding to the debate, will the Minister clarify how in practice such an important determination will be made in light of the delegated powers that are going to be passed to the CAA under the revised regulatory regime and the fact that when introducing the debate the Secretary of State said that CAA decisions should be "guided by the needs of customers" and that the safety of customers was of "key importance", and, finally, bearing in mind that the Secretary of State remains ultimately responsible for aviation safety and security?

I welcome the Bill.

6.40 pm

Julie Hilling (Bolton West) (Lab): First, I add my voice to those who have expressed concerns about the Bill having been rushed. As a member of the Transport Committee, I was part of the pre-legislative scrutiny process, but as has been said on several occasions, only tomorrow will we have our session on ATOL. The Government therefore have not had the chance to take on our concerns; even more than that, airports have expressed huge concern that they have not had time to consider the proposals and to make recommendations.

Secondly, the Government have missed an opportunity to include environmental measures in the Bill. People living near airports had been hoping for stronger regulation on noise and pollution controls, and I appreciate that the Bill's purpose is primarily economic regulation, but it has already been widened to include ATOL and security. Aviation Bills do not arrive every day, so this one should have included environmental duties, and I really hope that it will be amended in Committee to include them.

The industry has generally welcomed the Bill, but some proposals have created much consternation. The cost of regulation is certainly a problem for airports such as Manchester. Currently, the regulation charge is 95p for every arriving passenger, but with no consultation the charge is going up in April to £1.26 per passenger. The airport expects that the additional charges for security and enforcement will be another 4p, and, although that does not sound a great deal, it estimates that it will have to find an additional £274,000.

Airports are not in a position to pass on those charges to airlines. The only way of doing so would be to increase landing charges, but because of competition between regional airports, airlines would simply go elsewhere. Airports cannot agree to fix landing charges, as they would fall foul of competition rules. I can understand why the Government believe that the user should pay, but why is the charge being levied only against the airport? Why cannot part of it be levied directly against airlines, and why can it not be phased in to give airports a chance to build it into their budgets?

The Bill also allows an airport to be compelled to hand over a terminal to another operator, but there is no industry demand for that, and it has been said that it is an "idea without merit". I have been told that the measure has been included just in case in future someone, somewhere decides that it is a good idea, but it would only ever be a good idea if we wanted to increase the employment opportunities for accountants and solicitors.

Currently, the airport operator plans for the whole airport. It has to deal with its neighbours, take account of environmental concerns, work out how to get people to and from the airport, invest in transport infrastructure, invest in improvements to the terminal and so on. What will happen to all that if there is more than one operator? Manchester airport is investing £50 million to bring the Metrolink system to the airport, and it has recently made a large investment in the airport's railway station. Would that have happened if there were two or more operators at the airport? What if one operator does not want to invest in infrastructure? We have only to look at what happened with rail privatisation: a huge increase in transactional costs and the use of accountants and solicitors, hours and money wasted on deciding who is to blame for any incident and who owes whom money, and a waste of taxpayers' valuable money.

Transferring an airport terminal to another operator would hugely increase transactional costs, and a great deal of time and money would be wasted on commercial negotiations and agreements. The cost-benefits of one efficient operator would diminish, and one contract and, therefore, good deals with Smiths Group, SSP and the Compass Group and with brands such as Costa Coffee and Burger King would disappear. Bean counters would have to spend time working out how they split things such as car park fees, and each operator would have to have headroom, thereby diminishing overall capacity. The proposal makes no sense, it will not improve the passenger experience and it should be removed from the Bill—or, at the very least, apply only to regulated airports.

I have some concerns about security transferring to the CAA and regulations now being based on an outcome-focused security regime. I accept that it is unnecessary to insist on screening by a certain machine at every airport, but as we know, terrorists only have to be lucky once, and we must ensure that we have no weak links in our airport security. It was also worrying when the trade unions reported to the Transport Committee that many people would not want to transfer from the civil service to the CAA and, therefore, that expertise would be lost.

A major issue was pensions. The Minister of State told the Committee that the CAA and civil service pensions are under review, but will transferring staff be given an equivalent pension? Have Ministers also considered other employment models, such as staff remaining employed as civil servants but seconded to the CAA? Security is not an area where we can take risks, and we must not lose the expertise of current staff, so do the Government have any proposals for retaining them?

ATOL reforms are badly needed, as the hon. Member for Congleton (Fiona Bruce) said just a moment ago,

[Julie Hilling]

but I am frustrated that the Transport Committee is going to look at the details of such reform only after Second Reading. Most people believe that they are already ATOL-protected when they book a holiday, and that if the operator goes bust someone will get them home or, if they have not yet travelled, refund the cost of their holiday. It is ludicrous that a holiday booked through an airline—a holiday that looks and feels like a package holiday—is not treated as one. I welcome the inclusion of such holidays in the ATOL scheme, and the removal of the distinction between travel agents acting as agents for suppliers and as agents for consumers—a definition so unclear that even travel companies are confused about the distinction. I welcome also the proposal that customers be issued with a certificate to inform them that they are ATOL-protected, but as the legislation will not protect everyone, customers should be issued with a certificate that makes it clear when they are not protected, just as they are issued with one when they are protected.

The time frame for buying components of a holiday in order to qualify for protection is too short, as customers will be protected only if they buy the components within 24 hours. There are situations in which people book flights immediately to ensure that they reserve a seat but agree the rest of the package only later, when the travel agent has sorted out their itinerary. A package is still a package, and therefore the time limit should be longer than 24 hours. In 1997, 97% of all leisure flights were ATOL-protected; now it is less than 50%. This new legislation is timely, but let us use the opportunity to ensure that it protects the maximum number of people.

I look forward to further discussion on the Bill and hope that this time the Government will be open to amendments to improve it.

6.47 pm

Christopher Pincher (Tamworth) (Con): I am pleased to speak after the hon. Member for Bolton West (Julie Hilling), some of whose points I agree with, but I am also intrigued and somewhat amused by her introductory remarks and by those of the hon. Member for Garston and Halewood (Maria Eagle), who said that there was an elephant in the room and that the Bill has been in gestation for six years. Such gestation would bring tears to the eyes of the biggest elephant, and if the Opposition believe that this Bill is being rushed they would do well to remember that they had six years in which to bring a Bill forward and to make it an Act. Clearly, however, they had other things on their mind at the time.

Gavin Shuker: Will the hon. Gentleman give way?

Christopher Pincher: I am prepared to give way to the doughty defender of Luton South.

Gavin Shuker: I am grateful to the hon. Gentleman, but I fear that he is being slightly disingenuous in mixing up what Opposition Members have said. The Bill was clearly designed to be introduced in the next Session, but it has been brought forward in this Session, because there is no legislation—because many Bills from this Session are at the other end of the corridor, in the other place.

Christopher Pincher: I am grateful for that intervention. The hon. Gentleman clearly intends to carry on for Luton South where Lorraine Chase left off; we have brought forward this Bill, and we have heard what the Secretary of State had to say.

I welcome the Bill, which is timely, because we all know that aviation is an industry that is as important to Britain as it is maligned. It is important because it employs 1 million people throughout the country, sustains a tourist industry employing 2.6 million people and generates about £9 billion of Treasury receipts every year, plus all the Treasury receipts that it generates by making our economy work more effectively and better.

There is no doubt in the minds of operators that they want better regulation. We want regulation that puts passengers first. We want regulation that ensures that security in the age of the terrorist with trainers is sharpened and honed. We want to ensure that transparency at the Department for Transport, at the CAA, among operators and at airlines is the best that it can be. However, we do not want regulation that loads unnecessary bureaucracy on to airport operators or that drives up costs that are of no benefit to the travelling public or to operators that simply want to make a fair buck by doing better and more efficient business.

Birmingham is the airport in my neck of the woods. It has one runway and carries 8.6 million people a year. It could double its capacity without changing its infrastructure in any way. It has a plan to extend its runway so that it can carry bigger planes with more passengers, more fuel and more baggage for longer distances, as far as the far east. That could extend its carriage capacity by up to 27 million passengers a year. At that point, it would begin to compete with airports such as Gatwick.

Bob Stewart (Beckenham) (Con): Presumably, the high-speed link from London will work in reverse and people will be able to get up to Birmingham and increase the airport's capacity, making it a south-east England airport.

Christopher Pincher: My hon. Friend is trying to draw me into the trap of discussing High Speed 2. Birmingham airport carries only 40% of the passengers in its catchment area, so it could extend capacity without picking up passengers from the south-east or elsewhere.

The operators are concerned—the hon. Member for Bolton West touched on this—about changes that might allow the CAA to increase costs by a third on undesignated airports such as Birmingham. In designated airports such as Heathrow and Gatwick, those costs can easily be passed on to airlines. In undesignated airports, they cannot. That places a burden on those airports as they develop their plans of expansion and as they try to build the regional economy, such as that of the west midlands.

It is striking that Britain, with a population of 60 million, has only one formal hub airport, whereas Germany, with a population of more than 80 million, has five hub airports and plans to expand that to six. It seems that the Germans recognise the importance of aviation in building their regional economies. I hope that we will do the same. As we take the Bill through Parliament, as the Secretary of State and Ministers consider it and as it goes through the Public Bill Committee, we must ensure

that the clauses do not disadvantage regional airports, which can be so important in building our regional economies.

I will make two more points, thanks to the injury time that has been granted to me. The first relates to environmental protections and reports. We all agree about the importance of demonstrating the effects that aviation can have on carbon emissions and about ensuring that proper environmental reporting is built into the Bill. I ask those on the Treasury Bench to ensure that the information that they wish airports to develop and deliver is not already available through the Department of Energy and Climate Change or reports that are produced by the Department for Transport. We do not want to overburden airports or demand that they duplicate information that is produced already.

My final point relates to the levy, which has already been touched on. Operators are worried that demanding 10% in penalty clauses because of events that are outside their control can place a significant burden on the airport. They say, and I agree with them, that when there are extreme weather conditions or when planes are grounded, the decision on safety is also made by the airlines. Should the airlines not, therefore, also be responsible for carrying some of the penalty clause that is imposed? If that is not appropriate or possible because airlines can choose whether to take slots and can go elsewhere—it is much more difficult for airports to move—is it not possible to reduce or abolish the penalty, so that we do not place undue burdens on our airports?

My hon. Friend the Member for Crawley (Henry Smith) said that we are a trading nation. Of course, we are an island trading nation. Aviation is therefore all the more important to our competitiveness in Europe. It provides the quickest and best connections to markets for our goods and services. I hope that when the Government further consider the Bill and when it goes through the Public Bill Committee, we will place front and centre the importance of balancing and regioralising our economy, and ensure that aviation plays a part in that. We must protect and promote our regional airports. I look forward to the Minister, in winding up, saying that we will.

6.56 pm

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Those of us who emphasise the importance of ensuring that the environmental consequences of aviation are at the heart of our policy are in no sense anti-aviation. We recognise the importance of the industry to the UK and to our economy but simply want to emphasise the fact that unchecked and uncontrolled, the growth in aviation will lead to increasing CO_2 emissions in the UK and internationally. It is therefore important to encourage the kind of measures that will ensure that that growth can be controlled. That means encouraging more environmentally friendly forms of travel where possible and encouraging the industry to be environmentally efficient in the development of new aircraft and in the way that airports operate.

The way to achieve that direction of policy is to put in place measures that will encourage it. It is right to say that there should be tough emissions controls at European and international level to encourage more efficient aircraft. A lot has happened in that area—I recognise and welcome that. Without those measures in place, we will not get the changes that we want. That is why, as the shadow Secretary of State said, we need to put environmental and planning considerations in the Bill.

I made the point in my intervention on the hon. Member for Cambridge (Dr Huppert) that the Bill allows the CAA to put conditions in licences on a number of grounds, but only if they come within the specifications in clause 1. Clause 1 does not allow environmental and planning considerations to be taken into account, so the CAA will not be able to put conditions on such matters in the licences of particular airports. I hope that the Bill is improved in Committee so that it takes account of environmental and planning concerns over airport developments and aviation more generally.

Bob Stewart: Environmental considerations include noise pollution. As more and more aeroplanes circulate around London, the noise gets greater, even in my leafy constituency in Kent. I hope that environmental considerations will be taken into account and that the noise made by Rolls-Royce engines, for example, will be reduced even more.

Mark Lazarowicz: The hon. Gentleman makes an important point. As I understand it, the Bill does not specifically encourage such measures, but it could be changed to allow them. I hope that he will support such a change.

My second point is about the consumer interest. It can certainly be promoted by encouraging competition, which I welcome, but the Secretary of State referred to the possibility of passengers choosing between Heathrow, Gatwick and other airports. People in the south-east of England can do that, as they have four, five or six airports to choose from, but in other parts of the UK there is not that option. That is why it is important that the Bill should put in place not just competition measures but other provisions to recognise the consumer interest. If people have a long wait at an airport and are queuing for a plane, they want something to be done pretty quickly rather than having to wait until a new franchise or licence is granted some years hence. The Bill needs to be strengthened to provide for the consumer interest in that way as well.

I want to say something about the proposed sale of British Midland International to International Airlines Group. Like every MP from Scotland, I am very concerned about the effect of that sale not just on competition on routes between Scotland and Heathrow but, as my hon. Friend the Member for Garston and Halewood (Maria Eagle) said, on people's ability to change flights at Heathrow and access all parts of Scotland. That will affect Scotland's ability to attract tourism and business. The sale of BMI would also have consequences for its other routes—for example those to Brussels, Copenhagen, Zurich and so on, which are important for business and tourism in Scotland. Although that matter does not specifically fall within the terms of the Bill's competition provisions, it certainly concerns us now that the future of BMI and its routes is up for grabs.

Another point that concerns many people in Scotland, and which my hon. Friend mentioned, is the cuts to the UK Border Agency. They are concerned that delays in entry to the UK could be made worse. At Edinburgh airport there are fairly regular complaints about the

[Mark Lazarowicz]

difficulties of passengers arriving late at night, who have to queue to get through the border formalities and even to get into the terminal. They have to wait behind locked doors for the appropriate staff to arrive. That is not a criticism of the staff, who of course do an excellent job, but they are already under pressure and if there are cuts to the UKBA there will no doubt be still further pressures on them and delays for passengers. It would certainly not be a good advert for people coming to Scotland or elsewhere in the UK if we had unnecessary delays because of cuts to border authority staff.

At a time when some Members propose the idea of independence for Scotland and the separation of Scotland and England, today's debate emphasises the fact that there are many areas in which co-operation between England, Scotland and the rest of the UK is by far the best way of arranging things. I certainly cannot see how having a separate Scottish CAA, presumably with extra costs and extra demands on its resources, would improve airports and airlines in Scotland.

Earlier we had the somewhat amusing spectacle of Scottish National party Members, who I am sorry are not in the Chamber at the moment, demanding that the UK Government intervene to ensure that there is proper competition between the different airlines and other modes of transport in England and Scotland. Surely it cannot escape most people's notice that without a UK Government to operate in such a way, there would be no reason for such competition to be encouraged. In the absence of SNP Members, I will not pursue that point. Clearly we may be able to do so at a later stage.

My final point is that the airline industry is important to many of our constituents and requires people to be confident in its safety. That was why I was glad to be able to intervene on the hon. Member for Congleton (Fiona Bruce) to mention concerns about extra pressure on pilots due to the proposed changes to regulations. Once again, I hope that the Government will ensure that no such changes are made, as they would jeopardise both the perception and, I fear, the reality of passenger safety. I am glad that there has so far been unanimity throughout the House about that, and I hope that the Minister will say something about it in his closing remarks as it is concerning people who work in the industry and passengers.

7.5 pm

Iain Stewart (Milton Keynes South) (Con): I draw the House's attention to my entry in the Register of Members' Financial Interests.

I welcome the chance to contribute to the debate. As a member of the Transport Committee, I was involved in the pre-legislative scrutiny of the Bill. I warmly welcome it and agree with the overall objective of overhauling and modernising the system of economic regulation, which is too rigid and in need of reform. Other Members have spoken about that in detail, and I will not repeat the points that have been made, but I particularly welcome the fact that the interests of passengers will be the top priority of the CAA. It is very important to stress that point.

I wish to focus my comments on part 2 of the Bill, and specifically the clauses that will give the CAA the power to require all airports to publish information for the benefit of passengers. I strongly support that and believe that it is vital, in the interests of competition, that the correct information is easily available to passengers. As well as weighing up the performance of airlines on the convenience of flight times and on price, they should be able to weigh up the performance of airports when they make their decision about which mode of transport to choose and which airport to use.

I fully appreciate that not all air passengers have freedom of choice about which airport to use, because their geographic location may restrict them to one particular airport or their destination may be served by only one realistically close airport. However, a large number of passengers have a choice of which airport they go to.

I offer the example of Milton Keynes to illustrate that point. It does not have a local airport as such, but if I choose to visit family in Scotland, I can either choose to drive up, get the train or fly from four or five airports that are within easy travelling distance. I can use Birmingham, Luton, Heathrow or East Midlands, and even London City is not a huge travelling time away. I have used all those airports to fly up to Scotland, and their performance has varied enormously. I have had some very good experiences and some fairly hellish ones, and I found out about the airports' performance by trial and error.

I will not name and shame the airport that was poor —[Hon. Members: "Go on!"] I shall resist the temptation, but let us just say that there was a song about it a few years ago. I do not know whether the bad experience I had was just on an off-day for the airport or whether it was part of a longer-term performance issue. Proper information should be available about the performance of an airport over time—for instance the time it takes to get through security and the time it takes passengers flying in to get through passport control. Scottish National party Members are not in their place, but I very much hope that flights from Scotland will not require passport control, as they wish. There should also be information on other issues, such as airport charges that contribute to the cost of a ticket and charges affecting passengers using the airport. Some airports levy a charge on those simply dropping travellers off at the front gate, and some charge for the little plastic bag we must put our liquids in, whereas others give them out for free. Information on such things is valuable for passengers when they are evaluating which airport to use.

Other information that should be included are airports' records on dealing with things going wrong, be that bad weather or strikes. Airports perform differently, and passengers booking some time in advance wish for some reassurance that their interests will be looked after if things go wrong.

The requirement to publish environmental information is important, and I am glad to see it in the Bill. I am open minded about whether there should be a specific duty on environmental performance, but it is important that information on environmental performance is published so that people can choose to weigh it up when deciding how they will travel and from which airport. Transparency is the best guarantor of the objectives we want, and it is incredibly healthy to promote competition.

I am aware that different organisations have responsibility for delivering the different aspects I have described.

Some aspects are the responsibility of the airports and some are the responsibility of the airlines. Different Government Departments have different duties: immigration and passport control is the duty not of the Department for Transport but of the Home Office. Due weight should be given in the published information to which part of the airline industry is responsible for providing the different services. I support the Transport Committee recommendations on those points.

As valuable as that information is, it should not be over-bureaucratic and it should not impose too great a burden on airlines or airports. I would make one suggestion: the new aviation consumer advocate panel, the role and remit of which are a little unclear at the minute, could decide what information was relevant to the interests of the passenger and what imposed too much bureaucracy and cost on airlines and airports.

I shall share one further concern: the balance of needs between current and future passengers. For all the reasons I have explained, it is important that information is available to passengers. However, it is clearly in the interests of passengers in the long term for an airport to invest heavily in new infrastructure, even if there is a short-term cost in disruption. Any information that is published should be value added in some way to show performance over a long period, not just as a snapshot.

The Bill is a good one and I welcome it. I hope the Government reflect on my suggestions as the Bill progresses through the House, but I am happy today to give it my full support.

7.13 pm

Seema Malhotra (Feltham and Heston) (Lab/Co-op): I should like to begin by thanking right hon. and hon. Members on both sides of the House for their warm welcome since my election in December. Little can prepare people for stepping into the Chamber for the first time, and for the overwhelming sense of history that has unfolded on these green Benches.

I am proud to be able to represent the area where I grew up. Before moving to Bedfont, we lived above my parents' shop in Osterley—a community shop that sold school uniforms along with imported crafts and jewellery from India. I attended Heston infants and junior school, where my mother was a teacher for nearly 20 years. The school has transformed now, being one of the 4,000 schools built or refurbished by Labour since 1997—investment that is still making a difference to the education of young people across the country.

I am the first member of my family to be active in politics. I remember taking part in my school elections at Heston junior school in 1983, when, as a 10-year-old, I pretended to be Michael Foot and argued for better pensions for the elderly. It would not surprise the House—with children often voting as their parents might—that in 1983, Labour came second in our school elections. However, we remained ambitious for our future.

My predecessor, Alan Keen, is a great loss to this House and to my constituency, where prior to becoming an MP he served as a councillor in Hounslow West. He was one of the first MPs I ever knew. *The Guardian* described him as "charming, amiable" and "kindly". His passion and forte was sport, music, arts and leisure. The House will remember him as a long-standing member of the Select Committee on Culture, Media and Sport and chairman of the all-party parliamentary group on football.

He was a scout for his favourite club, Middlesbrough, for almost 20 years, where, working with Jack Charlton, he spotted footballers including Graeme Souness. He remained friends with both throughout his life. An active football player and manager of the House of Commons football team, even at age of 73, he was an inspiration to all, so much so that the House of Commons chefs and catering staff have dedicated an annual football tournament in his name.

Many will be aware of how he bravely fought cancer. Members will remember how he carried on his duties as long as he could. Our thoughts go out to his family and to his wife Ann, whom many of us in this House know and know well, and who nursed Alan through his illness.

Before and during my campaign, I heard many personal stories from people Alan helped—stories that are still being shared in mail I receive every week. It is an honour to continue his work for the people of Feltham and Heston. He was without doubt a committed constituency MP. Alan was loved, and on more than one side of this House.

I want to share a little about Feltham and Heston. My constituency is the gateway from Heathrow to London, and a powerful symbol of our nation's diversity and of hope for the future. Hounslow has rivers, canals, nature reserves and open spaces including an urban farm near the hamlet of Hatton, by Heathrow, and the award winning Bedfont Lakes country park.

More than 140 languages are spoken in the borough of Hounslow, with a third of the population being from ethnic minorities. With our strong faith communities and inter-faith work, it is truly an example of where the global meets the local. Our multi-faith community has many active churches, temples, mosques and gurdwaras, but they are not just places of worship: the community work that volunteers lead on education, information and advice, and health and well-being, often in partnership with public agencies, is a major service to the whole community.

My constituency is supported by strong local media. The *Hounslow Chronicle* leads the way as the local newspaper, with ethnic minority media including *Des Pardes* newspaper, *Maya News*, *Jang News*, *Janomot*, *Asian Voice*, *Eastern Eye*—you have probably heard of them all, Mr Speaker—Sangat TV, ARY Digital, Midlands Asian Television, Channel S—

Stephen Pound (Ealing North) (Lab): The *Irish Post*?

Seema Malhotra: Yes—and the *Irish Post*, plus radio stations such as Sunrise, Desi radio, Panjab radio and Kismat. All play their vital part in ensuring that we reach our diverse communities.

An overwhelming message from the election was that my constituents are concerned about their jobs, their cost of living and their public services. The youth claimant count last year in my constituency rose 25.2%. The long-term claimant count for the over-50s saw a rise of 48%. Both statistics are more than twice the UK average. Increased investment in Feltham and Heston and support for local businesses will be vital for the parents I met last week who are worried about the future for their children.

Like Alan in his maiden speech, and our predecessors as Feltham and Heston MPs, Russell Kerr and Patrick Ground, I want to talk about the vital contribution of

[Seema Malhotra]

Heathrow to my constituency and to the nation. My constituency borders Heathrow and has a long history of contributing to aviation. London's first airport was in my constituency, in what is now Hanworth air park. The world's first air passenger terminal was at Heston aerodrome in Heston West ward—it is where Prime Minister Neville Chamberlain arrived with his famous "Peace in our time" agreement from Hitler in 1938.

Today, Heathrow is the third busiest airport in the world, but it is more than just an airport. It is a hub for manufacturing for Britain and for the whole of Europe. Its success has been its proximity to London, to our motorway and rail networks and to the support that successive Governments have given to its development, acknowledging its continuing, core importance to our economy.

The operation of Heathrow airport supports well over 110,000 local jobs—approximately 22% of total local employment, and adds a gross value added of £5.3 billion. As the world's entrance to the Olympics, it is set to be even busier this summer, with 13 August predicted to be the busiest day in its 66-year history. My constituents fly the planes, run the air traffic control, drive the trains and buses, feed the passengers, shift the air freight, police the UK border and produce and deliver British manufactured products all over the world, all from Heathrow airport. We have a huge and diverse skills base that has developed to serve the needs of the aviation industry.

Recently, there has been increasing talk of a new airport near the Thames estuary, with the vision as it stands threatening the future of Heathrow. Heathrow needs to continue to be an integral part of our future national transport strategy. A successful, thriving aviation sector is crucial for our economic competitiveness. I support the call to work together on a cross-party basis to agree a long-term strategy for aviation. Confusion about our aviation future will put jobs and growth at risk, with investors being unclear about whether to invest for the long term in Heathrow. Any strategy going forward must make the best use of existing runways and airports.

I look forward to the development of the High Speed 2 line to Heathrow. A direct link would transform accessibility from the midlands and the north, bringing Leeds and Manchester within 75 and 70 minutes respectively of Heathrow.

The Civil Aviation Bill we are debating today is designed to modernise the regulatory framework for civil aviation, which there is a pressing need to do. The Bill is welcome as it brings greater flexibility in how airports are regulated. However, there also needs to be greater clarity about how environmental impacts will be regulated. This is a key concern for my constituents and the wider west London population who are the most impacted by noise and emissions. It is important to ensure that the aviation industry is fully involved as plans for the new Civil Aviation Authority develop, to help provide greater understanding and certainty about how new regulations may be implemented.

My constituency is a place that is brimming with ambition—of families for themselves and the next generation, and of businesses for growth. It is a place where young people, such as the young men I met at Feltham skills centre training to become mechanics and engineers, want the chance to prove what they can do and create a better life for themselves and their families; where the woman I met on Feltham high street wants the help to set up her own business; and where the graduate I met in Cranford wants a chance to do more than just short-term temporary contracts. It is a place where mums and dads such as those I met at Southville community and children's centre want to know that streets are safe for their children to play on, and that they and their daughters can walk home safely at night. It is a place where older people want to play their part in the community too, as mentors and support for the new generation coming through, but with the confidence that their needs too will be supported.

My constituency is also a place where the community spirit is strong. I am proud to carry on Alan's Co-operative and union relationships and to join the group of Labour and Co-operative Members of Parliament, especially in the UN international year of the co-operative.

After a 15-year career in professional services, working with industry and Government Departments, it is indeed a privilege and an honour to be elected as the new Member of Parliament for Feltham and Heston, and to follow my predecessor Alan Keen in fighting for fairness and progress for a place that has so long been my home, and that has given me so much.

7.25 pm

Damian Collins (Folkestone and Hythe) (Con): It is a great pleasure to follow the maiden speech from the hon. Member for Feltham and Heston (Seema Malhotra), who gave such an eloquent, thoughtful and intelligent speech, much of which I could agree with. I shall come on to the substance of her remarks about airports and Heathrow in a moment. I am also grateful for the opportunity to echo her tribute to Alan Keen.

I had the privilege of serving for just over a year on the Culture, Media and Sport Committee with Alan Keen. He was a great colleague on the Committee and continued its work as best he could, right through last summer, including taking part in our questioning of the Murdochs and the phone hacking inquiry. He was, of course, present for the launch of the Committee's report on football governance, a topic that was a lifelong passion of his. He is sorely missed, not only by hon. Members on both sides of the House, but by members of the Committee.

The hon. Lady demonstrated in her speech that communities that live alongside and around airports are vibrant and have a strong affinity to those airports as a great source of wealth, jobs, income, skills and training for the local economy. Communities that live alongside airports are by no means blighted, but can benefit an awful lot from them. My constituency has a somewhat smaller—in fact, much smaller—airport than Heathrow at Lydd, which works under the name London Ashford airport. It is applying for an extended runway so that it can offer more local and regional services. But the arguments that people in Romney Marsh in my constituency would make about why they support the expansion of that airport are very similar to the hon. Lady's remarks about Heathrow. The economic benefits of that investment in aviation and having a vibrant airport in the locality are good for the local economy and create jobs, rather than turning people away. That is

appreciated by many of the hon. Members who have spoken in this debate so far, whose constituencies either contain an airport or are within the economic hinterland of one.

I welcome the thrust of the Bill, in particular the remit of the Civil Aviation Authority to focus on the consumer experience and passengers as its primary motivation. That will help the regulation and support of airports. I am especially drawn to clause 1 of the Bill, which sets the CAA's general duty. Subsection 1 provides that it

"must carry out its functions...in a manner which it considers will further the interests of users of air transport services".

Subsection 2 adds a duty to promote competition. I am sure that people will have amendments and ideas that will be discussed in Committee, but I wonder whether those two points may be combined into one, so that the CAA should consider promoting competition as part of supporting and furthering the interests of air transport services, rather than as a separate point. Many of us would see that those two things can be combined, because competition helps to improve the level of quality and service.

I have in mind especially issues of capacity, which may be at the heart of the concerns that many air transport users face. It was mentioned earlier in the debate that one of the particular issues that air transport passengers might face is the time delays caused by flights being required to stack because they do not have a landing slot. In my constituency in Kent, that is a particular cause of noise and environmental pollution. One of the best ways to clean up the aviation industry and reduce its carbon footprint would be to reduce the amount of time planes spend in the air unnecessarily. Much of that happens simply waiting for a landing slot.

Bob Stewart: Stacking causes a lot of noise in my constituency and I just want to endorse what my hon. Friend says. There is increasing stacking over Beckenham and we are getting fed up with it.

Damian Collins: My hon. Friend's constituency is 30 miles or so from mine. I am sure that his constituents and mine share that concern.

Extra runway capacity in the south-east of England is a way to manage aviation much more effectively and reduce planes' stacking time. Although some might say that increasing aviation capacity might lead to environmental pollution, much better management of planes in the air would significantly reduce it. It is a serious point, and the CAA should think of it when considering the air passenger experience.

Mark Tami (Alyn and Deeside) (Lab): The hon. Gentleman is making a powerful case. Does he accept that the argument made by some that we should just manage things differently, rather than having more runways, does not make sense? We need more runway capacity.

Damian Collins: The hon. Gentleman has anticipated my next point. Extra runway capacity helps deal with issues such as stacking. It is also increasingly important to ensure that the UK economy is connected to the world. I am concerned by the fact that numerous economic centres in emerging economies around the world, such as India, Brazil and particularly China, do not have direct flight connections to the UK and London. That must be cause for concern, and extra runway capacity would help manage it better. It would also help us to deal with some issues that hon. Members raised earlier, such as the fact that domestic flights are priced out of the major hub airports when more attractive international options become available. That reduces the number of options available to domestic aviation customers. The CAA should give particular consideration to that under the terms of the Bill.

Indeed, the CAA's own report on aviation, published earlier this month, highlighted that the need for extra runway and aviation capacity, particularly in the south-east of England, was of primary concern. It should be a concern for all of us considering the future of aviation in this country and the need to connect our economy to the economies of the world.

As has also been discussed, some major European regional airports and hub airports have more connecting flights to UK airports than does Heathrow. We are all aware of the number of UK regional airports that now have direct flights to Amsterdam and Frankfurt, and from there to the rest of the world. Indeed, the people who own Lydd airport in my constituency might see that as a model for sustaining the business case of smaller regional airports like theirs, which could offer flights to other hubs with connecting flights to the rest of the world.

We cannot ignore the fact that well-connected hubs are at the heart of a thriving aviation system. Our major hub, which will always be near London, will need to be connected to major points around the world. We must also ensure that there is extra capacity that our regional airports can use as well. That is of primary importance. The Government have said that they want to consider where future aviation capacity might come from. I welcome that step, and I think that we should consider it wherever it might be, but it means that the UK will have to plan for a major, substantial hub airport that will serve us and our economy well for many years to come.

Planning and environmental concerns have been raised, particularly their impact on small regional airports. I have been frustrated by the process that Lydd airport in my constituency has gone through. I appreciate that the expansion of airports is always controversial, particularly for local communities, and often divides opinion. I know that some people feel strongly against it. I believe that it would be good for the local economy, as do many people who live in proximity to the airport. After the decision is taken—in the case of Lydd airport, the district council has voted clearly to approve expansion—it is frustrating when that decision is called in and there is a further time delay of some years so that a public inquiry can consider the application. It is certainly frustrating when that happens at the end of a process that involved a previous public inquiry and public debates.

In the planning system, if we believe that we need extra runway capacity, particularly in the south-east of England where demand is very high, and if communities and the Civil Aviation Authority are prepared to support it, we should consider how such projects can be delivered efficiently and in a timely fashion, to support not only the greater needs of the aviation industry in our country but the needs of local economies. It is of fundamental importance if the community are on board and want the decision to be taken.

[Damian Collins]

I support the thrust of the Bill. I believe that its objectives are to give this country a more efficient aviation network and improve and streamline the system of regulation. However, I will make one final point. In considering the role of Heathrow airport, which, as other hon. Members have said, might be the only airport facing a price cap given its dominance of the UK market, we should ensure that it competes and will continue to compete not only with airports in the UK but with major hubs in Europe. In many ways, Heathrow's natural competitors are not Gatwick, Birmingham and Manchester but Amsterdam and Frankfurt. As a trading economy, we must ensure that our major hub airport is at the centre of the aviation world, not in the siding.

7.34 pm

Kelvin Hopkins (Luton North) (Lab): It is my privilege and great pleasure to be the first member of my party to congratulate my hon. Friend the Member for Feltham and Heston (Seema Malhotra) on her maiden speech. It was a superb speech of which she can be rightly proud. I am sure that members of her family who heard it will be equally proud. She mentioned Russell Kerr as one of her predecessors. In the 1960s, when I was a student, Russell Kerr came to speak to our university Labour club, of which I was then president. I knew him well, and I know that were he alive today he would be equally delighted to have such a wonderful successor. She spoke very well and has a strong speaking voice. I am sure that she has a great future in the House.

I will speak briefly about aviation matters. It is nice to follow the hon. Member for Folkestone and Hythe (Damian Collins), because my first ever holiday flight was taken from Lydd airport in a Bristol 170, too many years ago to remember now. It was an interesting experience.

I support some of the previous speeches. My hon. Friend the Member for Luton South (Gavin Shuker) spoke for the town, as I hope to. My hon. Friend the Member for Bolton West (Julie Hilling) made a particularly strong speech, for which I commend her. I listened with great interest. The hon. Member for Tamworth (Christopher Pincher) made a point about developing the regions and building regional airports.

My first point involves security and immigration. We must ensure that the UK Border Agency and all security staff at our airports are sufficient to do the job, that all our airports are properly staffed, that staff are properly paid and that the whole system of immigration control and security at airports is adequately funded. We cannot cut corners in such matters.

I know from experience that we have not funded Luton airport as well as we should have done. I visited immigration staff there some 10 years ago, and they complained bitterly that there were not enough of them to do the job properly. They wanted to stop drugs coming in—from Amsterdam, for example—but they could not do a proper check on all passengers. We must ensure that airports are properly staffed and that, in these times when the Government have chosen to cut spending, those important matters are not underfunded.

Another important point was made about airport capacity, particularly in the south-east. I was one of those in our party who did not support building the third runway at Heathrow, and I am pleased that both our party and the Government have now accepted that it will not be built. I have always argued that we should make maximum use of existing capacity in the south-east in the first instance, and that we should ensure that we make greater use of regional airports.

Germany was mentioned, and it has several major airports in different parts of the country. We have focused too much on the south-east, and we have a lopsided geography; too much of our population and economy are in the south-east, and not enough are spread out into other areas. Although I represent the south-east, I appreciate that we need to do much more to develop the regions economically. That means serving those regions with long-haul flights so that they can be developed better.

Luton airport can make a significantly greater contribution to capacity in the south-east. We heard from my hon. Friend the Member for Luton South that we could take at least 7 million more passengers a year. At the moment, the airport cannot take the longest-haul flights, but new generations of aircraft are coming through, such as the Boeing Dreamliner, a composite-bodied aircraft that can fly longer distance with a higher payload and more efficient fuel usage. If the Dreamliner flew from Luton, it could serve the south Asian subcontinent, which would be significant for Luton, and the western seaboard of the USA. That generation of aircraft is coming, and I look forward to them flying from Luton.

In the meantime, however, we must maximise Luton for the use of medium and short-haul flights. Much of the traffic that goes to Heathrow could come to Luton. I have even argued that Luton could become a satellite airport for Heathrow—part of the south-eastern hub, in a sense—but we would need a rapid transit link between the two airports, which is possible. There is a railway track that diverges at Cricklewood on to the western region, so we could have a fast shuttle service from Luton Airport Parkway station direct to Heathrow, and it could act as a satellite to Heathrow in the longer term. Imaginative measures could be taken to enhance airport capacity in the south-east.

I will not say much more, as others wish to speak. I hope, however, that the Bill will be improved as it passes through the House, and that the important points made, in particular by my hon. Friend the Member for Bolton West, will be taken into account and acted on.

7.40 pm

Nigel Mills (Amber Valley) (Con): It is a pleasure to follow the hon. Member for Luton North (Kelvin Hopkins) and to have witnessed the maiden speech of the hon. Member for Feltham and Heston (Seema Malhotra). Having visited her constituency several times a couple of months ago, I can understand why she chose to speak in this debate—I have never seen planes fly so low, except at an airport, and at one point I could almost see what passengers were eating for their lunch. It is obviously an important part of her area's local economy.

I cannot claim to live in or represent a constituency quite so close to an airport, my nearest one being East Midlands airport, which is about 20 miles away—I know that number well because I use East Midlands Parkway station to travel down to London. It is one of those deceptive airport parkway stations in that it is not

possible to get to East Midlands airport from it without catching a bus—except that the bus has been cancelled because no one used it. It is a bit confusing, therefore, for someone arriving from abroad at East Midlands airport, thinking that they can catch a train but finding that they need to get a taxi or some other form of transport to get there. Perhaps, in the long run, HS2 might rectify that, and we might actually get a rail station on the site of the airport.

I join other Members in recognising the Bill as a sensible way of improving the regulation of airports. It is right to start by acknowledging how important airports are to the economic growth of their local areas and of the country as a whole. Many Members will know that East Midlands airport has the distinction of being one of the biggest freight hubs in the country, employing a substantial number of people. Not everyone living under the flight path and who gets to experience night-time freight planes, which sadly do not tend to be the most modern or quietest of planes, will share that enthusiasm, but the effects of the serious number of jobs created ripple out to nearby constituencies, including mine, which is home to the UPS depot in Somercotes.

There are issues, however, with changing any regulatory regime and the possibility of introducing an economic regulator. When I saw the Bill, I feared that these regulators might decide that regulating only three airports was not enough and that they might want to expand their remit to cover a few more, including, for example, Birmingham or Manchester—two airports that my constituents would use regularly, being only about 55 to 60 miles apart—so I welcome the fact that the Bill introduces no real change to how new airports can be brought under that regulatory regime. I do not see the need for economic regulation, given the amount of airport competition in the wider midlands area. I carried out some research to see how many airports I could get to in a 60-mile drive. In addition to East Midlands airport, there were Birmingham, Coventry, Doncaster, Sheffield and Manchester. That is a lot of choice for people booking a holiday, and the number of destinations available from all those airports provides plenty of choice for both scheduled and packaged flights.

My hon. Friend the Member for Tamworth (Christopher Pincher) said that even with so many airports in the area, many people still have to use Heathrow for long-haul flights. Those of us who, to our shame, do not always holiday in the UK know, from comparing flights and prices, how often we can fly only from Heathrow—unless we fancy a couple of changes at Paris or Amsterdam, for example. We need to spread out to the rest of the country some of that capacity and some of those direct flights to the most important trading countries and holiday destinations.

I have touched on the environmental impacts of airports. It is strange that we are producing a Bill setting out how airports can be licensed under an economic regulatory regime, because most of our constituents would think that, when looking to license an airport or impose conditions, the possible environmental damage would be taken into account. The main consideration that people raise is probably the noise for surrounding houses. There must be some link between that and regulation, because it would be strange if a licence could not be removed from a company that was blatantly and flagrantly flouting those regulations—although I accept that we do not want multiple regulators regulating the same things, and I recognise that those noise issues are best addressed elsewhere.

The one issue in the Bill that will get the attention of consumers and passengers is the welcome extension of the ATOL rules. I speak as someone who keenly looks at the price of flights and holidays—I check out the various travel agents and airlines, and pick the cheapest one—but it is always difficult to find out whether something is covered by ATOL. That problem is not helped by the reality of how people book holidays. Everyone knows that package holidays are covered. Twenty years ago, 97% of holidays were package holidays, but it is now less than 50% and falling. The concern is that people do not realise that they do not have ATOL protection. Some might say, "Well, we should all have travel insurance, and surely airline failure is covered in my travel insurance policy," but actually people have to check their travel insurance carefully to find out whether they are covered—many do cover it but some do not or put a limit on how much can be claimed.

If I book a flight with a cheap airline—let us take Ryanair as an example, although they are all much the same—I will probably appreciate that it is a point-to-point flight and that the airline does not take responsibility for delays or anything else that might impact on me. When I get my ticket confirmation, however, I might get an advert reading, "Do you want cheap car hire?"—through a separate car hire company—or, "Do you want one of these cheap hotels we've found?" To what extent does that become a package that would come under the flight-plus rules, or are those completely separate bookings that I choose to make through the hotel and car hire providers? It is not entirely clear whether that would be a package in the way that I might understand a Virgin Holidays package, with a flight and hotel, to be.

It is important to tease this out and ensure that when we make this change we make things clearer for the consumer, and that we do not lead more people to think, "I'm definitely safe and covered now," when, actually, they have bought the flight separate from the car hire company or hotel. One option would be to make everything covered by ATOL. That would ensure complete clarity and freedom of competition between travel agents and airliners. I accept that there is the risk that if I book my flight through the Dutch KLM website, rather than the UK one, I might get it for £2.50 less because I would not have to pay for the ATOL cover, but we are not talking about a huge material amount on the price of the flight. It would, however, get us the clarity that we are rightly seeking.

Overall, I strongly welcome the Bill as a simplification of the regulatory regime for airports. Everyone wants all our airports to offer the biggest range of destinations and airlines, and to be as cheap as possible so that we can get the cheapest flights. The Bill will take us some way in that direction. I welcome the clauses requiring airports to publish full passenger service information, and I agree that it should include the whole passenger experience, from arriving at the airport to the annoying behaviour of some airports that prevent us from dropping people off without paying for parking or make us drop them off so far from the airport that they have to lug suitcases around—not to mention those trolley charges that result in us carrying three suitcases around the

[Nigel Mills]

airport just to save £1. All those costs should be clearly published, so that I can compare what my full journey costs will be and ensure that I do not need a taxi from somewhere or have to pay all those little hidden costs, and so that I can also understand and fully appreciate what the cost and quality of my full airport experience will be.

Otherwise, this Bill will be a great step forward, and I strongly welcome it.

7.49 pm

James Wharton (Stockton South) (Con): It is a pleasure to follow my hon. Friend the Member for Amber Valley (Nigel Mills), who spoke eloquently about a range of subjects and touched on the licensing issues arising from this Bill, which I, too, hope to speak about. It is also a pleasure and an honour to follow the hon. Member for Feltham and Heston (Seema Malhotra), who spoke so clearly and persuasively about her constituency. Having visited Feltham and Heston only quite recently, and given its close proximity to Heathrow, I have no doubt that she will take a long-standing interest in aviation matters.

I welcome this Bill, which is a long overdue measure to tackle some of the problems arising from outdated regulation that our aviation industry faces. There are a number of good measures in the Bill. In such a monopolistic market, it is important that the Government should set out a clear set of regulations to ensure that passengers get the best deal. This Bill goes a long way towards delivering that, notwithstanding the range of comments made by Members from across the House this evening.

For me, one of the most interesting parts of the Bill is the commentary on, and the rules set out for, the role of the Civil Aviation Authority. Clause 1, chapter 1—one of the first things in the legislation—says:

> "The CAA must carry out its functions under this Chapter in a manner which it considers will further the interests of users of air transport services regarding the range, availability, continuity, cost and quality of airport operation services."

We are presented in this Bill with an opportunity to look at how we deliver aviation services right across the country and, in particular, what might be done to secure the future of some of our regional airports. In their comments on the draft legislation, members of the Transport Committee raised concern that regional airports do not always feature as highly or prominently as they perhaps should. They are a vital part of our economy. They produce an extremely important economic boost for the areas in which they are based, but they are also important for transport right across the UK.

Julian Sturdy (York Outer) (Con): My hon. Friend is making some powerful points about regional airports. He is absolutely right that we need to encourage investment in regional airports to get our economy growing. Does he not also think that investment in regional airports in the north is probably more important than investment in regional airports in the south-east, in moving us away from the north-south divide, which is having an impact on our economy in the north?

James Wharton: My hon. Friend, who is a member of the Transport Committee, has, in true expert fashion, predicted much of what I want to say. Later I will touch on some of the points that he eloquently raises.

The regional issue, which is so important for those of us in the north, as well as those in the south-west—indeed, it is important for those in any part of the country that is that much further from the capital—should not and will not go away. My constituency is served by Teesside airport, which covers three constituencies: Sedgefield—I see the hon. Member for Sedgefield (Phil Wilson) in the Chamber—Stockton North and my constituency of Stockton South. Teesside airport has quite a long and interesting history, which I will not dwell on, although the recent history, which is relevant to what I want to say, sadly shows a certain level of decline. In 2006, around 1 million passengers went through the airport; in 2011, the figure was fewer than 200,000.

When I say Teesside airport, some hon. Members look at me with a little confusion, because they will have heard it referred to as Durham Tees Valley airport. A few years ago the name was changed, against much local opposition and amid much local concern. As far as I can tell, whether by looking at maps or historical records, Tees valley as a geographical area does not exist, and Durham is rather a long way away from the airport. None the less, Teesside international airport was officially renamed Durham Tees Valley airport. As a local MP, I raised the issue over the summer. Indeed, I was involved in a campaign to change the name back to Teesside airport, because I know that the issue concerns many of my constituents and those in surrounding areas. Indeed, the *Evening Gazette*, an excellent local daily newspaper, ran the campaign quite prominently and, certainly recently, it was the second most subscribed to and commented on campaign that it had run. The campaign sparked off a great deal of comment and contributions from local people, because it goes to the heart of some of the challenges we face in that sub-region of the north-east, the strength of identity in Teesside and the value that local people place on it. However, a name alone would not change the future trajectory of an airport or its business or economic success.

Nigel Mills: I rise to give my hon. Friend some hope for his campaign. A few years ago, East Midlands airport changed its name to Nottingham East Midlands airport, in the face of huge opposition in Derbyshire and Leicestershire, which jointly fund the airport. The name was eventually changed back to East Midlands airport, so such campaigns can be successful.

James Wharton: I thank my hon. Friend, and I hope that in the fullness of time that is exactly what will happen. However, there is a more pressing issue, which is relevant to today, than simply the name of the airport, important as that is: the airport has recently been put up for sale.

Again, I will not go through too much of the detail of how the airport got into that position—the hon. Member for Sedgefield recounted much of the recent history earlier—but I can say with absolute certainty that the fact that it has been put up for sale is a cause of great concern for many of my constituents. We know—I know, as a local person and a local MP, and my constituents know—that only recently Teesside airport was vibrant

and successful. It was a highly successful sub-regional transport hub that provided not only international flights, but quick and easy domestic flights down to London Heathrow. Those flights were provided by BMI—British Midland International—and when that service was withdrawn, that had a serious detrimental impact on what has proved to be the airport's long-term future.

The issue was raised, at some length and on a number of occasions, by the right hon. Member for Newcastle upon Tyne East (Mr Brown) when he was Regional Minister, under the last Government. He campaigned diligently to have Heathrow slots reinstated for Teesside, on the basis that it was an important domestic route that would put passenger flow through the airport and play an important part in providing an economic transport boost to that part of the north-east. He campaigned hard, although sadly unsuccessfully. This is a cross-party issue, with, I believe, cross-party support.

That brings me to some of the specific parts of the Bill before us today. Subsection (1)(b) of clause 18, which deals with what the CAA has to take into account in putting conditions on an airport's licence, refers to

"such other conditions as the CAA considers necessary or expedient having regard to the CAA's duties under section 1,"

which I have already mentioned, and which include those relating to the continuity and range of airport services that passengers must be able to enjoy. In addition, clause 1(3) says:

"In performing its duties under subsections (1)...the CAA must have regard to...(d) any guidance issued to the CAA by the Secretary of State for the purposes of this Chapter".

It is my contention that this Bill opens the door for the Secretary of State to instruct the CAA, through the guidance issued, that it must give proper attention and pay heed to the overall economic needs of the sub-region in the north-east.

I accept that this issue has been visited before. As I have mentioned, the right hon. Member for Newcastle upon Tyne East raised it a number of times when he was Regional Minister on behalf of the region as a whole. However, there is a new factor that should now be taken into account: the Government's recent announcement—a welcome announcement for the economy in the north—that High Speed 2 is to go ahead. At the moment, HS2 goes up as far as Leeds. It will provide some travel time benefits for those travelling down from the north-east, but it does not yet reach stations in the north-east of England. I am sure that in the fulness of time it will do so. Indeed, I and other hon. Members—on a cross-party basis and across the north-east—will no doubt be making the case for investment to bring high-speed rail as far north as is necessary for our constituents to benefit from the economic opportunities that it provides.

None the less, in the foreseeable future, high-speed will not come up as far as Teesside, Newcastle or the north-east region at all. Therefore, although the Government have recognised, through their investment in HS2, the value of cutting journey times to the capital and ensuring that our country—and our nation—is as interconnected as possible, with high quality, high-speed journeys from north to south, they have not yet come up with a proposal that would help to bridge the gap that little bit further north, in the areas and communities that I and so many colleagues across the House represent.

HS2 therefore provides an opportunity for the Secretary of State to consider whether provision should be made for Teesside airport to be given particular weighting to ensure that it has a slot at Heathrow. Teesside will feel the benefits that HS2 will bring to the north, but not quite as acutely as those living in Leeds, for example, or in places from which they can travel to the stations that it will serve directly. Those benefits have been recognised by the Government, and the Bill provides the Secretary of State with the opportunity to set criteria that would allow the CAA to take into account the need for faster travel times from Teesside airport and from that part of the north-east that I represent.

This is both my appeal and my question to the Minister. My appeal is that the Department consider whether the guidance that will be issued under the Bill should take special account of Teesside's unique position, just outside the envelope of HS2, so that it could benefit from regular, high-speed connectivity with the capital. My question is whether that interpretation of the Bill is accurate, and whether that option would be open to the Secretary of State if the proposals should become law. If it is not, I urge the Government to consider amending the Bill. If it is accurate, I am sure that colleagues across Teesside and the north-east will join me in urging the Secretary of State to ensure that the provisions are used to maximum effect to take into account the needs and views of individuals and businesses in my constituency and in the surrounding communities. They have used Teesside airport over many years and they have been well served by an excellent, local, well-managed service on their doorstep and offered a range of flights. Sadly, however, that service has gone into what I hope is a short-term decline in recent years. I ask for action to be taken, and for the Government to deliver the Heathrow route that would bring great benefit to the people whom I am proud to represent.

8.1 pm

Jackie Doyle-Price (Thurrock) (Con): I should like to associate myself with the comments made by colleagues following the maiden speech of the hon. Member for Feltham and Heston (Seema Malhotra). She gave the most powerful exposition of Heathrow's economic contribution that I have ever heard. When so many people are calling for a brand new hub in the Thames estuary, it is worth bearing in mind that for every person who finds that overhead air traffic disturbs the ambience when they are enjoying a gin and tonic, there are many others, including her constituents, who depend on Heathrow for their livelihood. I hope that as we consider the future capacity of aviation, we will be able to have a mature debate on the economic consequences of moving an airport and of airport expansion, as well as on the environmental consequences.

The Bill has been a long time coming, and I was slightly amused by Opposition Members' complaints about the so-called lack of scrutiny, given that it has had a gestation period of some six years. It contains some new measures, but we shall have plenty of time to consider them in detail during its passage through the House. They lend themselves to being added to the Bill, and many have already been fully considered by the previous Government as well as this one. It is also worth noting that although a number of airlines have raised concerns about the Bill, the industry generally supports this package of reforms.

[Jackie Doyle-Price]

The Bill will put the regulation of civil aviation on a modern footing. A great deal of effort is often put into drawing up systems of regulation that are fit for purpose at the time, but they generally get parked and are not looked at again until something goes wrong. In this case, nothing has gone wrong, but it has become patently obvious that this system of regulation is not fit for purpose, as it is the best part of 30 years old. It was drawn up at a time when the aviation industry was rather different from the one we have now. In the intervening period, we have witnessed massive growth in the number of airlines, a greater propensity to fly among business travellers and consumers alike, and the emergence of an industry characterised by much more aggressive competition. Those changes in the marketplace have created a need for a different kind of regulator from the one provided by the current regime.

A key aspect of the existing system is the duty to secure adequate provision of services, but that task is clearly redundant, given the amount of competition that now exists in the industry. Better and more efficient regulation means removing those responsibilities, which will not deliver the efficient marketplace that we need, and ensuring that the regulator focuses instead on those duties that will do so. Putting the interests of the air passenger first will achieve that, as it will ensure that the market works effectively and not to the disadvantage of consumers.

I welcome the fact that at the heart of the Bill are reforms of the duties of the Civil Aviation Authority to ensure that protecting the interests of the air passenger will become its primary purpose. This amounts to a simplification of the previous regulatory structure, which was much more about economic regulation. At the core of the new regulator's functions is the need to ensure that the market works effectively and to the benefit of all passengers.

By focusing on outcomes for passengers, rather than on the provision of services, the Bill provides a framework that is more likely to deliver a better customer experience. I speak as someone with a background in regulation from a consumer perspective. Many other methods of regulation could learn from this model. It has always been my view that if we get the focus on the consumer right, many other benefits will follow. That is not to say that we should throw away all models of economic regulation, because the structure of the market must obviously be taken into account, and regulatory action is still required to ensure that providers do not act as cartels. However, we need to look at the consumer's experience from start to finish.

Central to the Civil Aviation Authority's new consumer focus will be its duty to promote better public information. I reiterate the point made by other colleagues that information is all, and that transparency is the best way to empower consumers to look after their own interests. The provisions will give consumers a one-stop shop where they can find information and compare airlines and airport providers, enabling them to make a more informed choice.

My hon. Friend the Member for Amber Valley (Nigel Mills) talked about booking his holidays, and I have to say that I have had similar experiences. People tend to look at the headline price, but that does not always tell us the whole story. The most obvious example of that is Ryanair, but of course we all know that we are going to get screwed over when we fly with Ryanair. The reality is, however, that we need to bear in mind the cost of parking the car, the cost of dropping off and the cost of travelling to the airport. When we do a straightforward search to book our airline tickets, we are never going to get the whole picture.

We need as much information as possible to be presented to us, in a user-friendly way, although it will be a challenge for the CAA to provide it in as user-friendly and easily navigable a form as possible. A similar example is the Financial Services Authority, which draws up massive amounts of consumer information. It provides comparative tables allowing us to compare 400 types of mortgage or 1,000 insurance products, but almost no one knows that they exist, and very few people access them. The new duty on the regulator is welcome and will be valuable to consumers, but it will be of use only if consumers know how to access it and navigate their way round it.

Shifting the focus on to consumers will make the experience of passing through an airport much more enjoyable. The speed with which consumers can disembark, collect their baggage and get through passport control makes a great deal of difference, and I hope that that kind of information will also be properly communicated by the regulator. It goes without saying that if someone knows that their experience in a particular airport or with a particular airline will be easy, they are much more likely to choose that option. As the hon. Member for Poplar and Limehouse (Jim Fitzpatrick) will know, using London City airport is a delightful experience. People can turn up within 10 minutes of their flight, get through the airport, get on the plane and take their baggage with them. It is a much more user-friendly experience than at any other airport. People will pay more for that advantage, even though they might not get the best quality aeroplanes. Information is very important for helping people to make an informed choice.

As for the tools and penalties the regulator will need to perform the job, we have already talked about information, but that will get us only so far. When the regulator has to intervene because the service is not good, it needs to have appropriate tools and penalties. I see that the Bill will mean the transfer of some powers from the Secretary of State and from the Competition Commission. That is welcome, but in this new system of regulation it is important that all players understand their own obligations.

As we have seen elsewhere, when multiple bodies are involved in regulation, there is often some overlap and, indeed, some underlap, as it is not quite clear where the buck stops. We saw that happen with catastrophic consequences in the financial services industry and in health. I hope that the Department for Transport will provide much more clarity on who should act, when, why and how so that it is absolutely clear where the buck stops for each part of the responsibility under the new system.

Serving the customer is central, and I have already mentioned information issues. I welcome the provisions for the CAA to produce more information about the environmental consequences of aviation. As I said, this will become more important as we look at the options for future airport capacity. It is clear that there is a need

for expansion to serve London and the south-east. When so much noise is being made about the potential for a new hub airport in the Thames, I hope that the CAA will pay due regard to the environmental consequences of such a development, as well as to the economic consequences for airports such as Heathrow. I am glad to see the hon. Member for Feltham and Heston back in her place.

On behalf of colleagues in north Kent and south Essex, I have to say that the case made so far for a Thames estuary airport is weak. The only strong argument I have heard is that it is beyond the boundary of Greater London. For me, that is not sufficient justification for the creation of a new airport hub.

I am pleased that the new CAA will have to consider the health and safety impacts, as well as measures taken with a view to reducing, controlling and mitigating the adverse environmental effects of civil aviation across the UK. Once it takes forward these responsibilities, we may end up being able to have a much more mature debate about these issues than the present one, which frankly tends to bring out the worst nimbyish tendencies in all of us.

Finally, I would like to say something about the provisions that will transfer the security regulation powers from the Government to the CAA. I strongly believe that the CAA is better placed than the Department to ensure that airlines and airports are discharging their responsibilities effectively, although it is of course important that Ministers retain responsibility for overall policy. This move clearly makes financial sense, as I believe it will save the taxpayer some £25 million. That cost will ultimately be borne by consumers, but as it works out at 2p per user, I think it is one that the consumer can afford to absorb.

To summarise and conclude, aviation policy and provision are essential ingredients in the competitiveness of a 21st century economy, and it is clear that some of our competitors are making more progress than the UK in this regard. If we get our aviation policy right, there will be clear advantages for jobs and growth. An appropriate system of regulation fit for the 21st century is central, so I am pleased to support the Bill.

8.14 pm

Priti Patel (Witham) (Con): I start as others have done by paying tribute to the hon. Member for Feltham and Heston (Seema Malhotra) for her maiden speech. All Members who visited her constituency during the by-election campaign recognised and appreciated the economic significance of Heathrow airport to her constituents. For me, it was a complete reality check to recognise how closely her constituents experience the airport through the flight paths and the low-flying aeroplanes that travel down in proximity to the runway. That was a real eye-opener for many of us, but we recognised at the same time that many of her constituents were employed by the airport. I for one maintain that Heathrow is a massive economic hub, not just for London and the south-east but for our country. I have been a frequent traveller through Heathrow.

Chris Heaton-Harris (Daventry) (Con): I am listening to my hon. Friend's comments. I had assumed that when people were coming in to land, they normally wanted to be in close proximity to a runway.

Priti Patel: I welcome my hon. Friend's intervention, and make the observation that that is indeed very true; it really is!

I welcome the Bill and the emphasis it places on furthering the interests of passengers and the modernisation of the Civil Aviation Authority. I suspect that many of my remarks will already have been made, but there is no doubt that reforming the existing framework to slash back the rigid regulation and the burdensome bureaucracy currently in place is a positive step. Granting the CAA greater independence from the Government will take important aspects of aviation regulation—the designation of airports for price capping, for example—out of the political sphere, while enabling the CAA to take on the responsibility to enforce competition law will help empower passengers and cargo owners.

The future of aviation in this country and the economic benefits derived from air travel that we have heard about in the debate will no doubt depend heavily on this legislation and subsequent actions from the CAA. I hope that the CAA will utilise its new powers wisely and act in a way that promotes competition to make our airports competitive and strong.

We should remember that our airports are not just places where passengers and cargo are transported across the world, as they are vital economic hubs essential to jobs and growth in our economy across the country—not just in London and the south-east. As we have heard from many colleagues, regional significance is key. Ministers and the CAA must be mindful that while this Bill will support competition between airports in the UK, our airports need a regulatory framework that, importantly, lets them attract investment so that they can compete with their global rivals.

Anyone who has travelled regularly overseas on business will recognise and acknowledge the improvements that many other countries have made to their airports. As we have heard, whether it be Amsterdam, Frankfurt, Hong Kong, Shanghai, Dubai and the Gulf or India, amazing things are being done with their airports. This brings us back to the point about consumer experience, but also the experience of business travellers. This is not about convenience alone, but about making sure that these are vital economic and competitive hubs.

Many of the airports are impressive. They have expanded their capacity. Dubai, for example, built another airport in next to no time. Such developments make these cities and countries much more attractive for business and leisure purposes. Passengers who travel to various destinations are stopping off at these airports, which have incredible facilities—new runways and terminals, for example. This frees up capacity and enables our economic rivals to develop airport hubs. We need to wake up to this and learn from their experiences. We need to look at what has worked and what has not worked. It is amazing that some countries seem capable of building these airports overnight. We talk about being open for business, but if we want to be an economic powerhouse, we have to get some insights from these other countries.

These rival airports offer ever-increasing numbers of destinations to fly to, so we have to face the challenges of capacity—not just at Heathrow, as the regional airports are also important. I do not want to see our airports becoming the end-point for global aviation travel rather than being an important hub. We must facilitate this

[Priti Patel]

hub issue and link up to worldwide destinations. I certainly do not want to see the UK losing out to other hubs, including European hubs. At a time when we need to ensure that Britain is open for business, if we do not act swiftly enough to come up with the right kind of aviation approach and strategy, we will lose out on international competitiveness. I hope the Minister will assure me that, observing their duties as set out in clauses 1 and 2, the CAA and the Secretary of State will further the interests of users of air transport services, will take all necessary steps to ensure that our airports are the most attractive places for passengers to visit, and will offer passengers more choice.

As consumers, passengers want not just the best possible price but a good travelling experience. Over the years terminal 5 has overcome its initial major teething troubles, but I remember what it used to be like there for people travelling with families. Nothing can be worse than a dreadful airport experience, particularly for those travelling with young children. Such experiences can be really off-putting, especially when airlines are not co-operative in informing people about what they can and cannot take on board, and I hope that there will be some improvement in that regard.

Innovation and investment are also key issues. I think that we can do more to increase business travel, and to help our regional airports. We in Essex have Stansted airport, which is not far from my constituency: it is 15 minutes' drive up the A120. Stansted has had an interesting time over the past few years, partly because it has expanded to become a hub for new airlines servicing the United States and Asia. That initially represented something of a trial for the airport. It started at what was a bad time for the global economy, when there was a lack of business passengers. I believe that the Bill can help to empower Stansted and other regional airports, so that they can innovate and invest in accordance with their own regional growth strategies at a time when enterprise zones are coming on stream.

Mark Reckless (Rochester and Strood) (Con): My hon. Friend has mentioned regional airports, airports in Essex, and innovation and investment. Is she aware of the work that has been done at Southend airport, which has received considerable support to enable it to expand and provide the area with a real economic boon?

Priti Patel: I know about that work. I also know how hard organisations such as Essex chamber of commerce and other business partners and stakeholders are working to assess viability and sustainability and attract investment to Essex and the south-east.

Stansted serves more than 18 million passengers each year, and is the third busiest airport in the United Kingdom in terms of passenger numbers. In that respect, it ranks only slightly below Heathrow and Gatwick. Its planes fly to 150 destinations, and it offers many scheduled flights to European airports as well as flights on low-cost airlines. My hon. Friend the Member for Thurrock (Jackie Doyle-Price) mentioned one of those. Members have also mentioned the environment. Stansted has a great record of mitigating environmental problems, minimising the disruption caused by noise by ensuring that 99% its of aircraft stick to their flight paths. Half the number of passengers travelling to Stansted use public transport.

I have mentioned Stansted for economic reasons. It is a vital catalyst for regional and national growth, it is a cargo hub, and it employs more than 10,000 people. One in six of those jobs is filled from my constituency and the wider district of Braintree. Such airports—Heathrow was mentioned in this context by the hon. Member for Feltham and Heston—are vital in providing our constituencies and regions with employment and investment.

It is essential for Ministers and the CAA to bear in mind that increasing airport capacity is not an unreasonable objective. Environmental concerns have been mentioned, but above all we should consider the interests of passengers and the need to demonstrate to the world that the United Kingdom is open for business. This is not just about airports in the south-east; it is about UK plc. I touched on the role of enterprise zones earlier. They will be central to the facilitation of inward investment, and I think that they should be complemented by a great and robust aviation strategy for the United Kingdom.

8.25 pm

Chris Heaton-Harris (Daventry) (Con): It is a pleasure to take part in a debate that has featured a sparkling maiden speech from the hon. Member for Feltham and Heston (Seema Malhotra). I spent a great deal of time in what is now her constituency, trying to ensure that she did not get the job. My wife lived there when we were courting, and I know it reasonably well. I know, too, how important the biggest airport in the country is to the constituency, and how many people work there. I know that she will be a very good champion of all her constituents, and I congratulate her again on her maiden speech.

It is also a pleasure to follow the hon. Member for Witham (Priti Patel), who reminded us of the importance of runways in the context of aviation. There was an incident not so along ago when a jet coming into Heathrow did not quite make it, and that proved that runways are all-important.

Let me record my sympathy for the Minister of State, Department for Transport, my right hon. Friend the Member for Chipping Barnet (Mrs Villiers), who was to have responded to the debate. I hope that I am correct in describing her as a right hon. Member. If she is not one, she should be, for she is excellent. Unfortunately, in a bid to become road safety Minister, she was injured in a cycling accident and is undergoing surgery.

As we have heard from Members on both sides of the House, including the hon. Member for Feltham and Heston and my hon. Friend the Member for Tamworth (Christopher Pincher), aviation plays a critical role in UK plc. My constituency, which is in the heart of the midlands, near junctions 15 to 19 of the M1—anyone who remembers seeing the old Rugby radio mast while driving up the M1 will know where it is—is now typified by a number of jobs that rely on the aviation industry. It is a hub for all the cargo that is shipped up from Heathrow, down from East Midlands airport and across from Birmingham. It is because so many jobs in my constituency rely on the aviation industry that I wanted to speak in the debate.

However, aviation is important to the economy in many other ways. I was recently lucky enough to travel to Kazakhstan, Azerbaijan and Georgia. All the people whom I met in those growing economies had this in common: they were desperate to come to the city of London, and, if they had any money, they wanted to spend it here. We need a gateway that can accept all those fantastic consumers of the future, and can welcome those who wish to do business with us and invest in us.

The experience at Heathrow airport is very different, however; it is a shopping centre with a couple of runways attached. For the Heaton-Harris family, getting to a gate at Heathrow airport involves an awkward shopping experience. The last flight I caught out of there cost me only a couple of hundred pounds, but the shopping experience almost trebled that. I know only too well, therefore, how much business comes from airport shops.

I have an airport in my constituency. The wonderful airport of Sywell has a rich history and an interesting and controversial present, which is why that is the only comment I shall make about it.

Turning to our country's larger airports, much of our aviation regulation is governed by 1980s-style legislation, which is one of the reasons this Bill has been introduced. This Government and the last Government both realised it needed to be updated.

Mark Reckless: My hon. Friend talks of 1980s-style legislation as if it were a bad thing. Does he not remember who our Prime Minister was at that time, and might he therefore like to reconsider that remark?

Chris Heaton-Harris: I am suddenly enamoured with 1980s-style legislation. Indeed, I had the haircut to go with the music of that era—I had some follicles back then.

The Bill offers a package of reforms to make regulation and the sanctions that support it flexible, proportionate, targeted and effective. It proposes removing unnecessary regulation and intervention by central Government and devolving more responsibility to the independent specialist regulator, the CAA. It also seeks to make the CAA accountable and to ensure that it weighs both the costs and benefits of its decisions. Further, it proposes that some of the costs of regulating aviation should be moved from general taxation to the aviation industry, so that the people who use it, pay for it. That is the right way forward.

Above all, the Bill puts the consumer first, and I am all in favour of that. I am a regular customer of the aviation industry—although I would like to be a more regular customer—and when booked on a Ryanair flight I become the Michelin man, as I will wear all my clothes because I do not want to pay the excess sum for booking in a suitcase. I am also the man who has to repack his "smalls" in front of the waiting British Airways passenger queue because my baggage weight has exceeded the limit and the lady at the check-in desk has said, "23 kilos and a few extra grams is too much." I am all for more deregulation and common sense in the aviation industry, therefore. It is very important that the consumer is put first in respect of the regulation of airports, which have substantial market power. The CAA's primary duty should be to consumers. Passengers and, importantly, the owners of cargo must have a greater say.

The Bill also gives the CAA a role in promoting better public information about airline and airport performance. I support the clauses that provide that. Transparency and greater information are essential. As a consumer, I like to be able to look at relevant information and choose my airport and carrier. In that regard, the more transparency, the better.

Sarah Newton (Truro and Falmouth) (Con): I agree about the need to reform regulation. Does my hon. Friend agree that we also need a proportionate approach? Newquay airport is in a neighbouring constituency to mine, and it serves all of west Cornwall. It is vital for connecting Cornwall with the rest of the UK and beyond for business and other purposes. We must bear in mind the importance of such small and remote airports that may not—

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Members must make brief interventions, not speeches. I have been very lenient. I also ask Members to face the Chair when intervening.

Chris Heaton-Harris: I agree with my hon. Friend. I used Newquay airport once, and it is small but perfectly formed. The small airports around our country serve as important regional hubs. Because they serve the regions so well, they become very important to the local business community, such as in respect of inward investment. My hon. Friend is right to stress the need for a proportionate approach.

The environmental impact of aviation gets the juices of the hon. Member for Cambridge (Dr Huppert) flowing; indeed, the bulk of his speech was about that subject. Measures to be taken to mitigate adverse effects are relatively well addressed in this Bill, and I am sure they will be fleshed out in Committee.

The Transport Committee raised a handful of concerns during its pre-legislative scrutiny of the Bill. It agreed with just about every Member in the Chamber that the UK needs a healthy, competitive and sustainable aviation industry that includes the very important regional airports, as we have heard, and air services. There are some questions, however, that have yet to be completely answered about the transfer of safety and security to the CAA. There are concerns that the Government are proposing to transfer that important area without proper planning and consultation just to reduce costs. I do not believe for one second that that is the case, but it would be very useful if the Minister outlined exactly what consultation and planning went into the decision. Indeed, there might be some reason to return to these matters in Committee. It also remains unclear how far the Department for Transport will go towards a more efficient outcome-based approach to such regulation. This is an important area of regulation, as the security and safety of aviation is possibly the most emotive part of security and safety.

The Bill also proposes to permit the Secretary of State to change the CAA's remit through secondary legislation, which, in itself, creates a certain amount of uncertainty. One never knows what will come around the corner next. The Select Committee also found that the division of responsibilities between the Government and the CAA was slightly unclear. I would like to think

[Chris Heaton-Harris]

that the Government will ensure that all uncertainties in that area are completely cleared up as we go through Committee.

The main themes of the Bill are very important: growth and competition, consumer benefits, better regulation, the "user pays" principle and the need to reduce the role of central Government. Very few people could argue with those main themes. Indeed, under the "user pays" principle, the savings for the taxpayer as regards aviation security should be about £4 million a year. It is important, obviously, that we get this exactly right.

I broadly support the Bill—and the industry supports many of its measures—but it is important to secure buy-in for all the measures and ensure that they are all properly implemented. It is also important to listen to the industry when making the laws that relate directly to it. When we give power to its regulator in such a way, it is vital that there is, as I said, complete buy-in. Indeed, I know a number of Members received numerous pieces of correspondence from different airlines. The latest to hit my inbox was from British Airways—not that I hope that by mentioning it I will get the black card for the invitation-only lounge, although I know that the other Deputy Speaker was very keen to receive that—*[Interruption.]* And, of course, he would have declared it, in any event. I mention that company because it is vital that the views of the big players in the industry are taken into account. I do not think I will ever be called to make another speech, so I am going to enjoy the next two minutes and fifty five seconds.

Too often, laws have been made and those directly affected by them have not had their views taken into account. Who is directly affected in this case? It is airlines and, most importantly, the consumers. That is why I welcome the emphasis.

I am also wary about the cost of regulation. Using the "polluter pays" principle, we are passing a huge amount of cost away from the taxpayer, which is a very good thing, to the people who use the businesses.

I welcome the theme that runs through the Bill of reducing Government intervention in the regulation of industry. I listened with great interest to the hon. Member for Bolton West (Julie Hilling), who was greatly concerned about the competitiveness of airports and passing down the costs. Past events show why it is important for the CAA to be able to respond, which is not something that many Members have been able to talk about because the Bill is so important and so big. The industry and the regulator must be able to respond in real time to emerging issues, such as the snow of last year and the ash cloud that we all remember from when we were campaigning in the 2010 general election. That is when I realised that the constituency I hoped to represent was relatively prosperous—when I went to villages in its northern part and found the people had all been stranded abroad because of the ash cloud. I am very pleased that the Bill emphasises the need to give the CAA the chance to respond quickly to the kind of awkward situation that we in the United Kingdom have not always been able to respond to properly before.

I conclude by broadly welcoming the Bill. I hope that, as my hon. Friend the Member for Thurrock (Jackie Doyle-Price) said, when we talk about transparency we will have the consumer fully in our minds, because we certainly see no transparency in the fares that the aviation industry sticks out there when we try to find a flight at the advertised fare without any extra costs. There should probably be a call at some point for proper transparency to mean that the fare advertised should be the full, final fare and not much else.

8.40 pm

Mark Reckless (Rochester and Strood) (Con): It is a pleasure to follow my hon. Friend the Member for Daventry (Chris Heaton-Harris), who told us about his courting days under the Heathrow flight path. I am sure that colleagues were delighted to hear that he still regularly returns to Heathrow with his now wife. It is not clear whether they do this on their anniversary or not, but it seems that a certain amount of shopping at Heathrow is involved.

I am also pleased to follow my hon. Friend the Member for Witham (Priti Patel), who put the case for Essex very well and looked strongly after the interests of her constituency and Essex more widely in her remarks about Stansted, the strong progress on expansion and the strong economic role being performed at Southend. I know that the councils for Southend, Thurrock, Medway, Kent and Essex are working together as a local economic partnership on sensible proposals on aviation and alternative options to the Thames estuary option, which was so ably dismissed by my hon. Friend the Member for Thurrock (Jackie Doyle-Price). The Secretary of State was not in her place at that time, but I have every confidence that the Under-Secretary of State for Transport, the hon. Member for Lewes (Norman Baker) will pass on those very strong arguments in private as strongly as he does in public. Let me also take this opportunity to thank the Secretary of State for the very strong support she has shown for our area by holding back the increase in the Dartford tolls and in what she has done on train regulation and fares.

The debate has been largely non-partisan. Indeed, the regulation of aviation has been a non-partisan and technical area on which both parties have worked closely with Whitehall going back all the way to 1967 when the Edwards committee first looked at aviation regulation. It took a full two years to report, in 1969, to the then Secretary of State Anthony Crosland, and the report led to a White Paper from the then Labour Government. With the new Conservative Government in 1970 came the Civil Aviation Bill, which followed through on that preparatory work. There are clear parallels between that work and the way we are working together on these issues now.

It is worth noting that when the CAA was set up it was a pathbreaker for other regulators. The then Minister for Trade, Michael Noble, said, on introducing the Bill, that the CAA would be a "constitutional innovation." He went on:

> "The key point perhaps is that we are in this Bill hiving off a regulatory function. Ministers remain responsible to Parliament for policy, but detailed decision rests with the Authority."—[*Official Report*, 29 March 1971; Vol. 814, c. 1173.]

That was new then, but we have since seen the development of regulators in many different contexts. The challenge between ministerial and parliamentary responsibility and expert opinion remains with us today and is core to this Bill.

A very positive development, in contrast with what we saw in the late 1960s and early 1970s, was the fact that the Pilling review of the Civil Aviation Authority was brought about by elected colleagues on the Transport Committee rather than by ministerial decision. That report was published in July 2008 and was followed up by Labour Ministers in the previous Government in a statement to the House and then in a consultation paper. The fact that that all came as a result of the Select Committee is new and is very much to be welcomed. When the previous Government engendered the proposals, the then Minister noted that

"as now, the CAA will only be able to act where it is reasonable and proportionate and where it has legal power to act."

However, the CAA responded:

"The DfT's proposals build on many activities already undertaken by the CAA, but give them a clear statutory basis".

The then Minister did not explicitly accept that the CAA had been operating beyond its statutory remit, but the Bill is long overdue, as it will bring clarity to what the CAA does, and make sure that that is Parliament's intention.

Steve Baker: Does my hon. Friend share my slight concern that more flexible regulation may result in greater uncertainty in major capital investments in airports? Has he considered whether the CAA will be able to provide the stability that investors need?

Mark Reckless: Our right hon. Friend the Prime Minister set out three clear principles on quangos and cases in which they might be justified. Conservatives are strongly against unaccountable quangos, but the three scenarios that the Prime Minister set out were, first, a precise technical function that needed to be performed to fulfil a ministerial mandate; secondly, a requirement for politically impartial decisions on public money in particular circumstances; and, thirdly, cases in which the facts needed to be transparently determined. The CAA fulfils the need for a precise technical function to be performed to fulfil a ministerial mandate.

I welcome the Bill. Although, as my hon. Friend the Member for Wycombe (Steve Baker) said, it provides more flexibility, it engenders far greater clarity. To date—and we have given this to the CAA—the authority has had four different objectives, but there is a lack of clarity about their order, so, inevitably, it has great discretion in how it chooses to balance those potentially competing objectives.

In the Bill, under the single duty that the Government propose giving to the CAA for consumers and their interests, it is much clearer where the authority is going. Regulation, while more flexible, should none the less be more predictable to people in the industry and to other stakeholders. That is broadly welcome. The same applies to appeals. If anyone is dissatisfied with a CAA decision, the only recourse is simply judicial review and the application of Wednesbury principles as to whether the decision has been properly made. The appeal process in the Bill is much improved, because a specialist competition tribunal will be introduced, and it will look at the objectives that have been set for the CAA by Parliament. It will assess in an expert yet judicial way whether or not they have been properly met. Ministers are not persuaded that there should be a right of appeal for the Secretary of State on licence conditions, but when regulations are extended to price cap anew or to remove a price cap, the Secretary of State may have the right to appeal. It is not clear from the explanatory notes whether that reflects the EU dimension or whether Ministers genuinely believe that that is a positive measure.

The cap application is significant. Manchester was de-designated, and Ministers made that decision—a statutory order was made—but the principles behind that de-designation were not clear, making investment difficult in some circumstances for the aviation industry. If we have a clear parliamentary test of when a price cap is needed, that should provide greater clarity for industry participants.

It would be difficult to have an environmental objective and a consumer objective, then look to an independent regulator to balance the two. The right approach for the greenest Government ever is for Ministers to make those decisions and to set a clear framework, whether in taxation or planning, for industry. That is the best way to balance those objectives.

A key issue is flexibility, and flexibility in the price cap is particularly valuable. The CAA currently has an opportunity to set the price cap only once every five years, and when circumstances change the price regime can be left looking inappropriate, but nothing can be done about it. For example, the CAA's decision notice, published in March 2008, states that

"at Heathrow, the CAA has built into the price caps contingent funding for the costs of developing further"—

during the five-year period—

"the option to expand the capacity of the airport."

The House of Commons Library has confirmed that that was a reference to the potential third runway at Heathrow, which of course did not happen and—Ministers are very clear—will not happen. None the less, Heathrow is still to be regulated on the basis of an RPI plus 7.5% a year increase in the overall landing charge revenue, but there is no opportunity to review that in the light of the decision not to develop a third runway at Heathrow.

The shadow Secretary of State, if I heard her correctly, said that the Government have a blanket ban on expansion at airports in the south-east. I believe that that is quite wrong. Look at what Luton airport is doing through its road show and expansion in capacity or, as my hon. Friend the Member for Witham explained, what Southend airport is doing. Last week I met representatives of Birmingham airport, who talked about expanding by 25 million passenger movements, the vast bulk of which would relieve pressure in the south-east. At Gatwick a significant increase in capacity is planned, even before the second runway restriction runs out in 2019.

The key criterion is the benefit to consumers of the regulation. However, there is something about aviation regulation that makes it different from other regulation, because in the middle there are the airlines. Sometimes their interests are the same as the consumer's, but other times they are not. The landing charge at Heathrow is perhaps only £16 a passenger, compared with £50 to £80 for "Boris island", and £16 or thereabouts is really not expensive. Given the economic benefits of using Heathrow, a huge amount of the benefit accrues to the airlines that happen to have slots there. The regulation in those slots is imperfect and has developed over time, but were the regulator to increase charges at Heathrow, it is not immediately obvious to me, as an economist, whether

[Mark Reckless]

that would be passed on to consumers in the usual way. To the extent that Heathrow is almost at capacity and landing charges are so low, despite the high value of a slot, an economic analysis suggests that lower restrictions on landing charges might lead to a lower slot price and greater flexibility for the efficient allocation of slots, rather than that necessarily being passed on to the consumer. How the CAA will regulate this is therefore an important area of principle to consider.

The chairman, deputy chairman and non-executive directors of the CAA will be appointed by the Secretary of State, which is very sensible. It is difficult to see why the Secretary of State would also want to appoint all the executives, let alone determine their precise remuneration. We want to ensure proper accountability to Parliament. Some colleagues have mentioned the National Audit Office. I understand that the chief executive would be signed off by the Secretary of State as well, although the nomination would be made by the non-executive directors. I also hope that we would have appropriate parliamentary scrutiny of those appointments.

I am grateful to colleagues on the Transport Committee for the work they have done on this. It is excellent that everyone is working together and I look forward to hearing the Minister's comments. It is certainly a strong positive for the regulation of the sector in this country.

8.54 pm

Jim Fitzpatrick (Poplar and Limehouse) (Lab): It is a pleasure to follow the hon. Member for Rochester and Strood (Mark Reckless) in what has been an interesting debate with many informative contributions. As my hon. Friend the Member for Garston and Halewood (Maria Eagle) said in her opening remarks, however, the Bill's arrival is something of a surprise and seems to have more to do with the lack of Government business than with anything else. It is timely none the less, and we welcome it and look forward to it reaching Committee.

The Select Committee on Transport has, with its report published on 19 January, furnished us with a good start on the Bill, and the four proposed evidence sessions should mean that we are better informed when the Public Bill Committee begins its work in earnest. As we heard from its Chairman, my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), the Committee has made 12 different recommendations in its report and several other important points, and I am sure that the Bill Committee will want to see all those addressed, as well as the other points in the report which were not recommendations. They will be combined with the Library paper, the Department for Transport's impact assessment, the explanatory notes, the Bill itself and the personal briefing last week from the Transport Minister of State and her officials, for which we were grateful. As my hon. Friend the Member for Garston and Halewood and others have said, we Opposition Members send our best wishes to the right hon. Member for Chipping Barnet (Mrs Villiers) for a successful operation and a speedy recovery. I am sure that the Under-Secretary of State for Transport, the hon. Member for Lewes (Norman Baker), also wishes to see her back in her place before Committee—otherwise he will be an aviation expert sooner than he might have suspected.

Justine Greening: I can report to the House that the Minister of State is watching the BBC Parliament channel in hospital at this very moment, so I am sure that she is following matters from afar.

Jim Fitzpatrick: I am sure that the House is grateful for that update and good news from the Secretary of State.

As I was about to say, we have a good idea about those aspects of the Bill that we will want to look at in particular, given all the background information, briefings and papers with which we have been supplied.

There have obviously been numerous briefings from industry stakeholders, community groups and others, mostly welcoming the Bill in general but asking for specific issues to be raised, and we will do our best to examine them; some we will be able to support, but all we will wish to look at more closely.

My hon. Friend spelt out several issues in some detail. There is a broad welcome for the general reform of the CAA and its role, but questions will need to be addressed about security, environmental duty, passenger welfare and protection, NATS and the role of the National Audit Office. As she said, we have interests in all those areas. She outlined our concern about security and the need for assurances that the proposed new arrangements will be able to respond quickly to events, and on the quality and experience of the staff who will have to be either transferred or recruited. There are also the questions of costs and ultimate decision making.

On the environment, there is a clear change of policy from that of the previous Government. The Transport Committee explored the issue with the Minister of State, and we will wish to return to it because, notwithstanding the fact that many airports are good neighbours to nearby residents, we want best practice to be adopted at all airports. It appears to us that a duty would have been the best way forward.

The passenger as customer needs to be assured that their position is protected at the airport and against companies failing, so we, like many hon. Members, welcome the ATOL changes. As my hon. Friend graphically recalled, however, her experience in the snow last year with the former Secretary of State was not a happy one for her, for him or, most importantly, for the passengers who were stranded, so we want safeguards against such situations. Passengers deserve the best protection against failure, but we recognise that airports are at the mercy of other forces outside their control.

The question about the role of airlines and secondary duties, which the Transport Committee raised, seems to be addressed in the Bill but warrants consideration, as do the various competition structures and appeal mechanisms outlined in the Bill and its schedules.

My hon. Friend raised several other issues, which the Bill Committee will I am sure be keen to discuss with Ministers, including how the aviation consumer advocacy panel will work, the lack of detail on the requirements to publish passenger welfare plans, the performance of the UK Border Agency and baggage handling, to mention just a few.

The Secretary of State opened the debate and clearly outlined the measures in the Bill: the greater accountability in the CAA reforms, the transfer of security and the extension of ATOL. I have mentioned the points that

my hon. Friend the Member for Garston and Halewood made in reply. She welcomed the Bill but expressed the hope that we would improve it in Committee. She commended the Transport Committee, but expressed concern about the time it had been given to do its work. As I have mentioned, she covered comprehensively our concerns, especially on the security provisions.

The hon. Member for Crawley (Henry Smith), whose constituency covers Gatwick, is knowledgeable on aviation matters. He raised several relevant questions, including over the possible break-up of airports and the role of the CAA.

My hon. Friend the Member for Liverpool, Riverside, the Chair of the Transport Committee, made a useful and insightful contribution, in which she referred to a number of concerns that the Select Committee had registered. As I and other hon. Members have said, we will consider those concerns in the Public Bill Committee.

The hon. Member for Finchley and Golders Green (Mike Freer), who apologised that he would not be here for the winding-up speeches, spoke up for business travellers. He and my hon. Friend the Member for Garston and Halewood raised important questions about the UK Border Agency. He also spoke about regulation and security.

My former ministerial colleague at the Department for Transport, my hon. Friend the Member for Glasgow South (Mr Harris), made the case for ministerial cars strongly. He expanded on the need for a vibrant aviation industry. He argued that aviation need not be and is not the enemy of the environment. He also made a powerful case about the capacity constraints at Heathrow.

The hon. Member for Spelthorne (Kwasi Kwarteng), who I do not think is in his place, confused the Chamber about his position on the third runway. He seemed to make points both for and against it. I wish him well in maintaining the ability to articulate opposite positions. He is in good company in this place. Perhaps he could send me a copy of his press release on his speech, as I am sure that it will be worth reading. He also made good points about the industry and the Bill.

My hon. Friend the Member for Sedgefield (Phil Wilson) and other hon. Members spoke about regional airports and asked about their role and capacity. He spoke specifically about the future of Durham Tees Valley airport and the impact of the value of Heathrow's slots on UK aviation. He made a strong case for the continuance of his local airport, as did others. He has been lobbying on that issue for a considerable time.

The hon. Member for Cambridge (Dr Huppert) raised a number of issues that he wanted to be raised in Committee. I am sure that they will be. He apologised to the House and hoped that we would not be disappointed at his brevity. I assure him that we would never be disappointed at his brevity. I cannot imagine how he arrived at that conclusion.

My hon. Friend the Member for Luton South (Gavin Shuker) is another member of the Transport Committee and also has an airport close to his constituency. He drew on both aspects to raise some key points, including capacity.

The hon. Member for Congleton (Fiona Bruce) raised a number of issues about the extension of the ATOL scheme and its weaknesses at present.

My hon. Friend the Member for Bolton West (Julie Hilling) raised questions about timing, the level of scrutiny, the absence of an environmental duty in the Bill and security.

The hon. Member for Tamworth (Christopher Pincher) did not seem to accept that the Bill has arrived earlier than expected. Perhaps his ministerial colleagues could clarify that for him and reassure him, as did my hon. Friend the Member for Luton South. The hon. Gentleman raised European comparisons and the critical role that aviation plays in the economy.

My hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz) raised the need for environmental progress. He spoke about the environmental progress that has been made and about the absence of such a duty in the Bill. He raised the BMI takeover, as did a number of other colleagues.

The hon. Member for Milton Keynes South (Iain Stewart), another member of the Transport Committee, gave us the benefit of his examination of the key issues. He confirmed that Milton Keynes neither has nor needs its own airport.

My hon. Friend the Member for Feltham and Heston (Seema Malhotra) made her maiden speech. It was warmly received on both sides of the House, as maiden speeches generally are. Her contribution demonstrated a confidence and self-assurance that I am sure will serve her constituents well in the years ahead. Her description of her constituency and of the significance of Heathrow underpinned the relevance of her contributing to this debate. I hope that her mention of various local media outlets will ensure that her speech is covered well. I would be very surprised if it was not. She undoubtedly has the prospect of a long and distinguished time in this place. I look forward to watching her progress in the years ahead.

The hon. Member for Folkestone and Hythe (Damian Collins) was generous in his praise of my hon. Friend's maiden speech and made a number of points, particularly about how to reduce the environmental impact of stacking by increasing capacity rather than constraining it. I strongly recommend that he talks to his party's Front Benchers to suggest that they take up the offer of cross-party talks made by my hon. Friend the Member for Garston and Halewood. His contribution was very thoughtful and covered the role of his local airports, and I agreed with much of what he said.

In contrast, I disagreed with many of the points made by my hon. Friend the Member for Luton North (Kelvin Hopkins), who is not in his place. He spoke briefly about security and his opposition to increased capacity, and argued for more regional airport usage. His local airport is already very successful, and he argued that it could do more.

I have to report that, as the hon. Member for Amber Valley (Nigel Mills) rose, the batteries in my hearing aids ran out, and sadly the spare batteries were also flat. Some would say that that was good timing, but that would be very cruel. He is very softly spoken even with the amplification at the back of the Benches, but he spoke of the need, or rather lack of it, for regulated competition and of the five airports within 50 or 60 miles of his constituency. He raised questions about the ATOL provisions which I am sure will be asked in Committee, whether he is with us or not.

[Jim Fitzpatrick]

The hon. Member for Stockton South (James Wharton) mentioned Durham Tees Valley airport and powerfully supported my hon. Friend the Member for Sedgefield in the cross-party campaign for it to maintain its position. He was generous to my hon. Friend the Member for Feltham and Heston; in fact, I believe he was the first Conservative Back Bencher to own up to having been a recent visitor to Feltham and Heston. A number of colleagues repeated that afterwards.

The hon. Member for Thurrock (Jackie Doyle-Price) argued for less regulation and more market influence, and consequently a better deal for the passenger, but she also called for clarity in decision making and for a more mature debate—something that Labour has been offering and would very much like to take place.

The hon. Member for Witham (Priti Patel), another visitor to and admirer of Feltham and Heston and its new MP, accepted that she was making a number of points that had already been raised, but wanted to cover them again. She also raised the important point of investment in aviation across the globe and our falling behind our international competitors in developing our infrastructure.

The hon. Member for Daventry (Chris Heaton-Harris) explained how important aviation was to his constituency in particular, and agreed that the regulations covering the industry needed updating. He made a strong pitch for a British Airways business lounge pass, and I sure *The Daily Telegraph* will be very keen to report his progress. He might want to keep us all posted on how he gets on with that one.

The hon. Member for Rochester and Strood (Mark Reckless), who was the final Back-Bench speaker, raised the question of the fitness of the regulations for the 21st century.

As many Members have mentioned, the aerospace and aviation sectors are vital elements of the UK economy. Collectively, the industry is a major earner, manufacturer and exporter. Aviation's role in connecting us with the rest of the world is key to growth, which has sadly been lacking in the Government's economic performance since they came into office.

Aviation has made huge strides in addressing its environmental sustainability. At a recent aerospace reception here in the House, it was stated that the new A380 was 25% cleaner and quieter than its predecessors. In fact, it was said to be more fuel-efficient than a Toyota Prius. If someone drove it down the M4, they would not have to pay the London congestion charge.

Aviation is worth £11 billion to UK gross domestic product and employs 200,000 people directly and 600,000 indirectly. It is a critical industry, yet Government policy is in disarray. My hon. Friend the Member for Garston and Halewood offered cross-party talks to address the critical need for a national plan, and it is a very sad comment on the coalition that the Government did not respond positively. The offer still stands.

The CBI, London First, the British Chambers of Commerce, the TUC and industry stakeholders are seeking a plan—a strategy to map out how aviation will develop and contribute to our economic recovery. They will clearly have to wait for that, for as my hon. Friend pointed out, "better not bigger" is a slogan, not a policy. At least we have the Bill.

Dr Huppert: The shadow Secretary of State promised me some ideas in her speech. Has the hon. Gentleman had a chance to ask her what they are? If so, could he tell us, because she failed singularly to come up with any?

Jim Fitzpatrick: The hon. Gentleman was not listening. My hon. Friend held out the prospect of cross-party talks to see whether there is a way forward to develop a national plan. Labour proposed a third runway at Heathrow but lost the election. We recognise that it would be unrealistic to continue with that proposal. To demonstrate that there were no preconditions to cross-party talks, she said we are dropping the plan for the third runway, so let us talk about options, and about how we increase capacity and whether we need to do so.

As the treasurer of the all-party group on road passenger transport, my hon. Friend the Member for Central Ayrshire(Mr Donohoe) asked whether Northolt was the answer. Is the answer the Thames estuary, which has been raised by a number of colleagues, including the Mayor of London? Is it Gatwick? The Opposition, supported by industry, say that there is a capacity issue in the south-east that needs to be addressed. It is all well and good if we come up with a consensus, but let us sit down and talk about it. That is the invitation from my hon. Friend the Member for Garston and Halewood.

As I said, at least we have the Bill. We look forward to the Public Bill Committee and engaging with the Government to improve the Bill. We are happy to support it on Second Reading, and I look forward to the Minister's reply.

9.11 pm

The Parliamentary Under-Secretary of State for Transport (Norman Baker): I welcome the kind comments from Members on both sides of the House in respect of my right hon. Friend the Minister for Transport—she is indeed my friend. If she is watching, she ought not to bother but get some rest.

I congratulate the hon. Member for Feltham and Heston (Seema Malhotra) on an excellent maiden speech, which the House enjoyed. She will be a powerful addition to the House in the years ahead.

I welcome the many constructive comments in the debate, and I am particularly grateful to the Transport Committee for expediting the process of pre-legislative scrutiny when this earlier slot became available for the Bill. The Committee found that both airlines and airports welcome the Bill.

The Bill process has been going on a very long time, as Opposition Members will know only too well. I accept that it would have been ideal to have slightly more time for scrutiny but, on the other hand, in the aviation industry if a slot becomes available, we must take it. It would not have served customers, passengers or the industry well to have let that slip while a number of months went by, because there is a great deal of Government business to fit in.

My right hon. Friend and I welcome the Transport Committee's response and look forward to the comments of members of the Public Bill Committee. We will listen carefully to members on both sides of that Committee.

Many hon. Members have made the case for the continuing importance of our aviation sector. We have a vital, dynamic aviation industry. The continuing success

of that industry is essential to our economic growth. Our reforms have been designed to allow competition to flourish and for our industry to innovate and thrive.

I shall do my best to respond to the many points made in the debate. A number of hon. Members spoke up for their local and regional airports, including Luton airport and Teesside—or is it Durham and Tees Valley?—airport. The hon. Member for Sedgefield (Phil Wilson) asked for a meeting about his particular situation. I am sure my right hon. Friend the Minister of State will be very pleased to see him and other hon. Members on a cross-party basis to discuss that situation when she is back in the saddle.

As the Secretary of State made clear in her opening remarks, most airports in this country are competitive and look after their passengers. Our reforms are designed to protect the interests of passengers, particularly at the small number of airports such as Heathrow that have substantial market power. For all other airports, the main change introduced by the Bill is that the CAA will be able to bring its expertise to the investigation and remedy of anti-competitive behaviour by having concurrent powers with the Office of Fair Trading.

The Bill replaces an inflexible, one-size-fits-all approach based on five-year price controls with a flexible regime under which regulation can be tailored to individual airports' circumstances so that the CAA can reduce the scope of economic regulation while retaining essential protection for passengers.

At the heart of the new proposals is a single, clear, primary duty to further the interests of end users—passengers and freight owners, now and in the future. The passenger is centre stage. This will enable the CAA to undertake enforcement action in real time when this becomes necessary. The Chair of the Transport Committee, and the Committee's report, asks whether we might have greater clarity in the Bill's definition of users of air transport services and suggested the phrase

"passengers and shippers of cargo, both present and future."

I draw to her attention clause 69, which defines air transport service as

"a service for the carriage by air of passengers or cargo to or from an airport in the United Kingdom".

Users of air transport services are persons present and future who are or will be passengers carried by such services, and persons with a right in property carried by such services. This will not cover shippers of cargo, unless they have a right in property in that cargo, because we think it is more important to protect the interests of the owners of cargo, rather than the shippers—again, putting the customer at centre stage. I hope that the Chair of the Select Committee will recognise that the clarification she seeks is in that clause.

Dr William McCrea (South Antrim) (DUP): I have the Belfast International airport in my constituency. Under this Bill, can the Minister assure me that Northern Ireland will soon have a proper aviation strategy, as that is essential for my constituency?

Norman Baker: I am happy to advise the hon. Gentleman that the Department for Transport is producing a comprehensive aviation strategy, which according to the Department's business plan will be published in March. He will be able to look at that and see whether it deals with the Northern Ireland situation in which he is clearly interested.

The shadow Secretary of State referred to the issue of future passengers, as against present passengers. I recognise that that is an issue, and clause 1(5) empowers the CAA to determine how to fulfil its primary duty to promote the interests of users when conflicts arise. This is in line with affording requisite discretion to the regulator and taking politics out of regulation. In other words, it would not be helpful for the case the hon. Lady makes to be more specific about the CAA's powers than the Bill currently is.

One or two hon. Members asked why the airline consultation supplementary duty has been dropped. Stakeholders, including airlines should be consulted by the CAA when it carries out its economic regulatory functions. There is an obligation to consult bodies representing airlines on licence conditions, licence modifications and penalties. Any airline is free to make representations, and we do not believe that the CAA would ignore any relevant representation. Furthermore, whenever a conflict arises between passengers' interest and those of airlines, the CAA will be bound to act in passengers' interests, given the primary duty in the Bill. A further secondary duty would not affect that position, which is why we came to that conclusion.

The shadow Secretary of State also asked about resilience. The implication of her comments was that since the former Secretary of State for Transport—with her, it appears—was out at Heathrow, nothing has happened, but nothing could be further from the truth. There have been extensive discussions between the Department and the owners and operators at Heathrow about winter resilience. This winter, I am happy to say that the major airports in London are much better prepared than they were last year. But when the CAA proposes full airport licences, it will of course be required to consult on the content of licences and any subsequent changes to them. It will have to take into account any representations during those consultations when setting conditions, and we will require it to include welfare plans if those are in current and future passengers' interests. I hope that that gives the hon. Lady the satisfaction she was seeking on that point.

Several hon. Members referred, rightly, to the welcome proposals in the Bill on ATOL, especially my hon. Friend the Member for Cambridge (Dr Huppert). He wanted an assurance that consumers would know when a holiday was ATOL-protected, and I can assure him that that is a key objective of the Government in the changes we are proposing. We are also interested, of course, in the Transport Committee's deliberations on this important issue.

The hon. Member for Amber Valley (Nigel Mills) asked whether the Ryanair holiday model would be covered by the ATOL reforms. The intention is to ensure as far as possible that any holiday booked with a flight is covered by the changes. The hon. Members for Bolton West (Julie Hilling) and for Congleton (Fiona Bruce) also raised issues relating to ATOL reform. I confirm that we consulted over the summer on proposals to improve clarity for consumers about the ATOL scheme's coverage. I agree fully that the current situation can be unclear and misleading for consumers, which is why action is needed as soon as possible.

[Norman Baker]

We propose to expand the ATOL scheme to include flight-plus holidays that work like packages but lie outside the narrow legal definition. We also propose that an ATOL certificate should be issued whenever consumers purchase an ATOL-protected flight or holiday, as a further means of providing clarity. We aim to announce a decision shortly on the reforms, which can be implemented by new regulations under existing powers. We are taking steps forward on that. The holiday industry has made strong representations that it is no longer clear whether holidays are ATOL-protected. As I said, we think we can deal with that problem by allowing for the addition of more flight-based holidays.

In her introductory comments, the Chair of the Select Committee referred to impact assessments. The Transport Committee stated that

"licence conditions, and their associated costs to airports, may not be proportionate to the benefits delivered",

and that was the thrust of her point. Ultimately, where costs are associated with licence conditions, users of air transport services will pay those costs. Where the costs of a proposed licence condition are seen to outweigh the benefits to passengers, it will not be in passengers' interests to impose the condition, so the CAA's primary duty would not be met if it did so.

The Bill requires the CAA to consult on proposed licence conditions and states that a licence may not include conditions that differ significantly from those on which it has already consulted. It must set out the reasons for conditions included in the licence, how it has taken into account any representations made, and the reasons for any differences from the conditions initially proposed. I think that that makes the case for the approach that we are taking. The fact that putting the passenger centre stage is the CAA's primary duty will we hope give the hon. Lady the reassurance that she rightly seeks. I will come to security issues in a moment.

The shadow Secretary of State referred to vexatious appeals. I do not think that they are likely to occur. The Government's proposed regime has features to deter frivolous or vexatious appeals. In particular, in most cases the appeal will not suspend the licence condition's coming into effect, although the appeal body will have the power to impose interim relief under circumstances. There is therefore limited incentive to appeal for the purpose of delaying the decision.

The shadow Secretary of State also referred to the consumer panel. We believe that it is a useful innovation in the Bill. As she might know, the successor body to the Air Transport Users Council is being consulted on. It was announced on 18 January this year. The CAA will set up the CAA consumer panel as soon as possible and will immediately seek a suitable chair.

Environmental issues were raised by several Members, including my hon. Friend the Member for Cambridge, who was concerned, as were some Opposition Members, about the absence from the Bill of an environmental duty. The matter has been considered carefully. One reason why the Bill does not include such a duty at the moment, although the Government fully accept the need to take the environment into account in aviation, as everywhere else, is that it is thought that economic regulation is not the appropriate vehicle for doing so, not least because it enables the CAA to address only airports with substantial market power and only where regulatory intervention is warranted. That currently includes only three airports, but environmental externalities are present at a wider range of airports and need to be factored in. That is why the Government decided to proceed by placing on the CAA an information and publication duty that is considered to be more concrete and of more practical benefit to the public than the previously proposed environmental objective. The CAA is under an obligation to publish such information and can also issue advice and guidance to airport operators.

Dr Huppert: I hear what my hon. Friend says. He is correct that information is helpful and that all airports have a role to play, but will he consider more carefully whether it would be a good idea to put that environmental duty in the Bill so that as many steps as possible can be taken to protect the environment?

Norman Baker: My hon. Friend makes a point that others have made. If he or others want to pursue it in Committee, they will need to demonstrate that there is information that needs to be provided or actions that need to be taken that would not be provided or taken under the regime in the Bill. If he can demonstrate that, I am sure that Ministers will have an open mind.

The hon. Member for Milton Keynes South (Iain Stewart) made an interesting point about the CAA's new consumer panel, suggesting that it could help the CAA to decide how to use those powers and what information to collect. That sounds like a good idea, and we will encourage the CAA to consider it. I am grateful to him for his suggestion.

Members on both sides of the House mentioned the National Audit Office. The NAO's role is to scrutinise public spending on behalf of Parliament, but the income that the CAA derives from the industry is not public spending, as Parliament recognised when it removed the NAO's role in 1984. The issue of the CAA's auditors was considered by Sir Joseph Pilling, as my right hon. Friend the Secretary of State mentioned, as part of his 2008 strategic review of the authority. He concluded that there was no need for the NAO to be involved directly with the CAA.

Many other points were raised in the debate, but I am conscious that I have taken much longer than the shadow Minister. I therefore do not have time to deal with the issue of the smalls raised by my hon. Friend the Member for Daventry (Chris Heaton-Harris)—he went on at some length about that—but I can assure Members that all comments will be taken onboard. If I have not answered any questions, I will ensure that a letter is sent from the Department.

I think that this is a useful Bill. I am grateful for the support of Members from across the House, and I commend the Bill to the House.

Question put and agreed to.

Bill accordingly read a Second time.

CIVIL AVIATION BILL (PROGRAMME)

Motion made, and Question put forthwith (Standing Order No. 83A(7)),

That the following provisions shall apply to the Civil Aviation Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 15 March 2012.

3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on Consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.

6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.—*(James Duddridge.)*

Question agreed to.

CIVIL AVIATION BILL (MONEY)

Queen's recommendation signified.

Motion made, and Question put forthwith (Standing Order No. 52(1)(a)),

That, for the purposes of any Act resulting from the Civil Aviation Bill, it is expedient to authorise—

(1) the payment out of money provided by Parliament of any increase attributable to the Act in the sums payable under any other Act out of money so provided, and

(2) the payment of sums into the Consolidated Fund.—*(James Duddridge.)*

Question agreed to.

CIVIL AVIATION BILL (CARRY-OVER)

Motion made, and Question put forthwith (Standing Order No. 80A(1)(a)),

That if, at the conclusion of this Session of Parliament, proceedings on the Civil Aviation Bill have not been completed, they shall be resumed in the next Session.—*(James Duddridge.)*

Question agreed to.

Business without Debate

PRIVACY AND INJUNCTIONS (JOINT COMMITTEE)

Resolved,

That this House concurs with the Lords Message of 25 January 2012 and that, notwithstanding the Resolution of this House of 14 July 2011, it be an instruction to the Joint Committee on Privacy and Injunctions that it should report by 15 March 2012.—*(Mr Heath.)*

FINANCE AND SERVICES

Ordered,

That Jonathan Reynolds be discharged from the Finance and Services Committee and Mr George Howarth be added.—*(Geoffrey Clifton-Brown, on behalf of the Committee of Selection.)*

Lidice Massacre

Motion made, and Question proposed, That this House do now adjourn.—*(James Duddridge.)*

9.28 pm

Robert Flello (Stoke-on-Trent South) (Lab): Thank you, Mr Deputy Speaker, for giving me the opportunity to speak this evening about the Lidice massacre and the events that followed, which demonstrate that amidst even the worst evil something good can flourish. No one in the House will need reminding that last Friday was Holocaust memorial day, which marks the day 67 years ago when Auschwitz-Birkenau was liberated by Soviet troops and reminds us all of the atrocities committed by the Nazis.

We will never fully understand or come to terms with extermination on such a scale just a few generations ago, but thanks to the Holocaust Educational Trust and the many other organisations that work to tackle hatred and discrimination, I hope that we might go some way to preventing it from happening again, at least on such a scale. May I therefore take this opportunity to put on record my appreciation for those organisations and pay tribute to the Holocaust Educational Trust and others for their work?

Lidice is a village in the Czech Republic about 20 km west of Prague. The events that I will speak about in a moment were triggered on 27 May 1942 by the assassination of the Nazi Lieutenant-General and Deputy Reich-Protector of Bohemia and Moravia, Reinhard Heydrich, who is said to have been a close friend of Hitler. As Heydrich travelled through Prague, two Czech parachute agents carried out an attack on his transport vehicles. Although he was not mortally wounded by the blast, the attack led to an infection that killed him on 4 June 1942. Hitler is said to have been wild with rage, and wanted to make an example of the Czech people. He ordered the arrest and execution of thousands of Czechs and sanctioned the destruction of Lidice.

On 10 June 1942, just six days after Heydrich's death, Nazi troops moved into the village of Lidice and rounded up all 173 of the men who were over 16 years of age. By the afternoon, all of them had been executed. The 203 women of the village were rounded up and, after the forced abortion of four pregnant women, were transported to various concentration camps. It is believed that three women died on the death march, and 49 women were subsequently tortured to death. A total of 105 children were separated from their mothers. On 2 July 1942, 82 of those children were gassed at Chelmno extermination camp on the orders of Eichmann. Only 17 of those 105 children survived the war. The village of Lidice was set on fire and the remains destroyed, so that no evidence of Lidice having ever existed could be found, albeit with the entire murderous attack being filmed by the SS.

Dr Hywel Francis (Aberavon) (Lab): I warmly congratulate my hon. Friend on securing this Adjournment debate so near to Holocaust memorial day. I visited Lidice in 2007, along with my hon. Friend the Member for Swansea East (Mrs James), where we saw, not only at the memorial garden but in the museum, a film called "The Silent Village", which depicts what happened. It was made in 1943, as a result of the remarkable co-operation between the South Wales Miners Federation and the

[Dr Hywel Francis]

Government's Crown Film Unit. The film tells the story that my hon. Friend is now outlining. I use it for teaching purposes, to tell the story of what happened all over Europe in the 1930s and 1940s. Would my hon. Friend commend that film for educational purposes today?

Robert Flello: I am grateful to my hon. Friend for his intervention, because "The Silent Village" is indeed an extremely powerful film and I would recommend that it be viewed.

In all, only 170 of Lidice's population of around 510 people survived the war. Similar reprisals were carried out across a large area of what was Czechoslovakia. It is estimated that in total around 1,300 people were killed. However, unlike with other Nazi murders, there was no attempt to hide what had taken place.

Almost as soon as the news reached Britain, Barnett Stross, a doctor and city councillor in Stoke-on-Trent, enlisted the help of local coal miners. Together they set to work on founding the "Lidice Shall Live" movement, a name created by Stross in response to Adolf Hitler's order that "Lidice shall die for ever". Stross invited the Czech President, the Soviet ambassador and the president of the miners federation to a launch event, which was attended by around 3,000 people. In the months ahead, donations were collected from miners and other workers to rebuild Lidice. In Barnett Stross's words:

"The miner's lamp dispels the shadows on the coalface. It can also send a ray of light across the sea to those who struggle in darkness".

The link between Lidice and Stoke-on-Trent carried on after the war ended, with Barnett Stross elected in 1945 as Member of Parliament for the area now largely represented by my hon. Friend the Member for Stoke-on-Trent Central (Tristram Hunt), although parts are also in my constituency and that of my hon. Friend the Member for Stoke-on-Trent North (Joan Walley).

Tristram Hunt (Stoke-on-Trent Central) (Lab): I congratulate my hon. Friend on securing this important debate and on representing the views of his constituents in Fenton and elsewhere. I agree with him about the heroic role played by Sir Barnett Stross. Does he agree that it is hugely important that Stoke-on-Trent pupils understand the heroic part that the city played in world war two, not only because of Sir Reginald Mitchell, who designed the Spitfire, but because of this story of internationalism and solidarity in a city that has, unfortunately, in the past been plagued by fascism and the British National party. This is a story of hope.

Robert Flello: I agree with my hon. Friend. Stoke-on-Trent is a city that has much to offer and fantastic potential. We need only to look back at its history and at the wonderful things that its people have achieved to see that its future is assured. It can rightly be proud of the positive things that it has done, although it needs to learn lessons about some of the negative things that have plagued it in recent years.

In 1947, Lidice began to be rebuilt, with the help of the £32,000 raised by people from the potteries. That is the equivalent of about £1 million in today's money, which is not a bad feat for an impoverished community in north Staffordshire. In 1955, Barnett Stross led an initiative to construct the world's largest rose garden, with 23,000 roses donated by numerous countries around the world. The rose garden formed a bridge between the site of the old Lidice and the new Lidice. In 1966, Barnett Stross initiated the new Lidice art collection.

Stross made numerous visits to the rebuilt Lidice, ultimately being awarded the highest state award possible by the Czechoslovak Government, as well as a British knighthood in 1964. Sadly, as we approach the 70th anniversary of the Lidice massacre, the events of June 1942 and the links between Stoke-on-Trent and Lidice have been largely forgotten. Unfortunately, few of my constituents were aware of the "Lidice Shall Live" campaign, or of the critical role that the people of their city played in helping the surviving residents of Lidice to return to their newly rebuilt village.

I am therefore delighted that, following initial work by Alan and Cheryl Gerard, a group of my constituents, businesses and councillors have come together to ensure that the tale of Lidice will live on. On Friday, the "Let Lidice Live" campaign was launched in Stoke-on-Trent, involving a partnership between that group, Staffordshire university and Stoke-on-Trent city council. Through the formalisation of links between Stoke-on-Trent and Lidice, a series of events to mark the 70th anniversary in both countries, and the continuation of the highly successful international children's exhibition of fine arts, the campaign seeks to ensure that the story of the massacre, and of the heroic response, will live on, not just this year, but for years to come. It is worth noting that the children's exhibition of fine arts, which was established in 1967 as a national event, became an international one in 1973 and has gone on to become well known among children and teachers, not only in the UK but all over the world.

Dr Francis: On the theme of art, education and internationalism, is my hon. Friend aware of the work of the Josef Herman Trust? The film, "The Silent Village", was made in the village of Cwmgiedd, near Ystradgynlais in the Swansea valley. Josef Herman was a Polish artist who came to Ystradgynlais fleeing anti-Semitism in the late 1930s. Today, the secretary of the trust is one of the children who played a part in the film. I pay tribute to Betty Rae Watkins, who is now encouraging children to become engaged in art and, through that, to learn about the holocaust and about one of its survivors, the great Polish artist, Josef Herman.

Robert Flello: I am grateful to my hon. Friend for putting on record the fantastic work that has been done there.

In recent years, about 20,000 very good works of art have come regularly from the Czech and Slovak Republics, and from 50 or 60 other countries, to the Lidice children's exhibition of fine arts.

The 70th anniversary will be marked by a Lidice exhibition at the European Parliament in Brussels, and there will be two new documentaries about the events in 1942 and the surviving children. There will be a commemoration on the anniversary of the day of the massacre, which will be attended by the Czech president. The city of Stoke-on-Trent has a great programme of events to mark the anniversary, with more being planned.

As time goes by and we lose first-hand accounts of Nazi atrocities, it becomes all the more important to educate future generations about the consequences of intolerance and prejudice, and about the atrocities carried out during the second world war and, sadly, since. Events such as Holocaust memorial day provide a crucial focal point, but at times it feels as though the sheer scale of the slaughter in the second world war can be too horrifying to comprehend, and the individual stories risk being lost. Lidice provides an illuminating light amidst one of the darkest periods of human history, with the generosity of the British people and the defiance of the residents of the village ensuring that Lidice did indeed live.

Sadly, as we have seen in Bosnia, Rwanda and Darfur in just the last 20 years, we have not seen the end to genocide or a limit to the suffering that we as humans are willing to inflict on our fellow man. It is my belief therefore that it remains vital that we never forget what happened in places like Lidice, and I hope that the Minister will join me in paying tribute to those who seek to ensure that Lidice shall live.

9.40 pm

The Minister of State, Department for Education (Mr Nick Gibb): I begin by congratulating the hon. Member for Stoke-on-Trent South (Robert Flello)on securing this debate, on doing the House a huge service by reminding us of the true horror of what happened in Lidice in 1942 and on illuminating for us the links with Stoke-on-Trent and the huge sum of money raised from miners to rebuild the village. We heard about the 3,000 miners who attended the public meeting called by one of the hon. Gentleman's predecessors, Sir Barnett Stross. It is good to be reminded of these important parts of our history and European history, and he has done that at an appropriate time, with last Friday being Holocaust memorial day.

Holocaust memorial day gives us the opportunity to remember the victims of this most evil of periods in the world's history, along with subsequent victims of genocide—as the hon. Gentleman reminded us, such evil does not go away—and atrocities during the war, such as the terrible massacre at Lidice. It also gives us time to reflect on the lessons of the past: genocide does not occur overnight; it is a gradual process and begins when the differences between us are used as a reason to exclude or marginalise, leading to prejudice and hate. We need to learn the lessons of the holocaust, so that future generations do not repeat the mistakes of the past. That is why it is important that young people are taught about the holocaust—to ensure that prejudice and discrimination are not allowed to take root in our society.

The Government firmly support holocaust education, which is why we have allocated £1.8 million this year to promote young people's understanding of this period of history. About £1.5 million of this funding is for the Holocaust Educational Trust's Lessons from Auschwitz project, in which I understand the hon. Gentleman has participated. I add my tribute to his for the work of the trust.

The Lessons from Auschwitz project gives the opportunity for two sixth formers in every school in the country to visit Auschwitz-Birkenau to learn the lessons of the holocaust, but the course is more than just a one-day visit to the former concentration camp, as students take part in seminars and hear first hand from a holocaust survivor. They not only deepen their knowledge of the holocaust, but learn what can happen when prejudice and racism gain a foothold in society. So far, more than 8,000 students and more than 2,000 teachers have taken part in the project in England. Crucially, when those students return to school, they are expected to pass on what they have learned to their peers at school and to their communities.

Effective teacher training is also fundamental to teaching about the holocaust. The Government recognise this, which is why as part of our £1.8 million for holocaust education funding we have allocated £250,000 for the Institute of Education's holocaust education development programme. This programme helps to ensure that teachers are equipped with the training and resources they need to deliver effective holocaust education. The Lidice massacre is included in the teaching materials for this programme.

To date, some 550 teachers have benefited from this professional development programme, with two full days of workshops and online activities. A further 2,000 teachers have benefited from other forms of professional development on the holocaust, while a pilot group of 36 teachers has completed the country's first taught master's module in holocaust education. The level of teaching expertise in England's schools on the holocaust is now higher than ever before—a welcome fact.

As the hon. Gentleman may know, the second world war and the holocaust are compulsory parts of the history curriculum at key stage 3. Schools can teach pupils about the Lidice massacre as part of their history curriculum, but they are free to design their own curriculums that will best meet the needs of their pupils. I hope we can all agree about the fundamental need for a greater emphasis on knowledge and content in the current national school curriculum, which was our reason for launching a review of the curriculum.

Dr Julian Lewis (New Forest East) (Con): I thank the Minister for giving me an opportunity not only to express my admiration for the hon. Member for Stoke-on-Trent South (Robert Flello) for raising this subject, but to mention that I was at school myself when I read a remarkable book called "Seven Men at Daybreak" by Alan Burgess. It told the story of the seven Czech and Slovak parachutists who assassinated Heydrich, and, at the end, what happened to Lidice afterwards. I do not know what the copyright position is now, given that the book was written so long ago, but I think that, in the context of the educational project that both the hon. Gentleman and the Minister have in mind, a reprint of that book would probably have as profound an effect on the schoolchildren of the 21st century as it had on me some 40 or 50 years ago.

Mr Gibb: I am grateful to my hon. Friend for bringing his own personal history, and that book, to the attention of the House. I shall look into what he has said.

The new national curriculum will be based on a body of essential knowledge that children should be expected to acquire in key subjects during their school careers. It will embody, for all children, their cultural and scientific inheritance, will enhance their understanding of the world around them, and will expose them to the best that has been thought and written.

[Mr Gibb]

Our commitment to the importance of history is clear from its inclusion in the English baccalaureate. The national curriculum review will consider the extent to which history should be compulsory, and at which key stages. We are considering the recommendations of the expert panel, and will also listen to the views of others before making final decisions. If we conclude that history should remain a national curriculum subject, we will expect the programme of study to continue to include teaching about the second world war and the holocaust. Every young person needs to understand it, along with the lessons that it teaches and how it shaped the modern world.

It is of concern that some subjects, such as history, have been less popular choices at GCSE in recent years. For example, in 1995 more than 223,000 students, representing nearly 40% of pupils in schools, were taking history GCSE. By 2010 the figure had dropped by over 25,000, and only 31% of pupils—just under a third—are now taking the subject. The Government want to encourage more children to take up history beyond the age of 14. We introduced the English baccalaureate—which recognises the work of pupils who achieve a GCSE grade between A* and C GCSE in history or geography, as well as maths, English, science and a language—to encourage a more widespread take-up of a core of subjects that provide a sound basis for academic progress. The baccalaureate has already had a significant impact on the take-up of history. According to an independent survey of nearly 700 schools, 39% of pupils sitting GCSEs in 2013 will be taking history. That represents a rise of eight percentage points, and a return to the 1995 level. If more children study history for longer, that can only be a good thing, as it will give them a good grasp of the narrative of history.

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I, too, congratulate my hon. Friend the Member for Stoke-on-Trent South (Robert Flello) on securing the debate. Does the Minister agree that it is all-important for pupils to hear the personal testimony of holocaust survivors, and that everything possible should be done to preserve that testimony even when survivors are no longer with us in person?

Mr Gibb: Of course I agree with the hon. Lady. That is why the visits to Auschwitz are so important. As part of those visits, pupils will meet a survivor. As she points out, however, as time passes fewer survivors will remain alive, so we need to do all that we can to record their experience. That is important, because it dispels and puts to rest the views of those who seek to say that these things did not occur, and provides a helpful personal history to record the events of the holocaust.

I hope that the hon. Member for Stoke-on-Trent South, and indeed all Members, agree that the Government's continued commitment to holocaust education will ensure that future generations learn the important lessons of the holocaust and that no one in the country, or indeed the world, forgets the evil events of that awful period of world history.

Question put and agreed to.

9.49 pm

House adjourned.

House of Commons

Tuesday 31 January 2012

The House met at half-past Two o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

BUSINESS BEFORE QUESTIONS

LONDON LOCAL AUTHORITIES BILL [*LORDS*] (*BY ORDER*)

Further consideration of Bill, as amended, opposed and deferred until Tuesday 7 February (Standing Order No. 20).

LONDON LOCAL AUTHORITIES AND TRANSPORT FOR LONDON (NO. 2) BILL [*LORDS*] (*BY ORDER*)

TRANSPORT FOR LONDON (SUPPLEMENTAL TOLL PROVISIONS) BILL [*LORDS*] (*BY ORDER*)

Second Readings opposed and deferred until Tuesday 7 February (Standing Order No. 20).

Oral Answers to Questions

JUSTICE

The Secretary of State was asked—

Community Projects (Kettering)

1. **Mr Philip Hollobone** (Kettering) (Con): How many offenders served part or all of their sentence working on community projects in Kettering constituency in 2011; and for which organisations work was carried out. [92471]

The Minister for Policing and Criminal Justice (Nick Herbert): Four hundred and five offenders completed all or some of their compulsory unpaid work or community payback in Kettering last year. Twelve organisations benefited, including the local wildlife trust, St Mary's church, Mind and the British Heart Foundation.

Mr Hollobone: It is clearly beneficial for offenders and the local community for offenders to do constructive work in the community, but will my right hon. Friend agree to visit Kettering with me to see some of those offenders in action so that we can really see whether they are putting their backs to the wheel and doing this work properly?

Nick Herbert: I am happy to accept my hon. Friend's invitation to visit Kettering and to see a scheme with him. It is important that community sentences are punitive and that they are properly enforced. We are increasing the maximum length of curfew requirements and making community payback more rigorous and demanding. We want to go further by seeing a clear punitive element in every sentence, and we are consulting about that.

Several hon. Members *rose—*

Mr Speaker: Order. This question is about Kettering, from which Carshalton and Wallington and Manchester are a long way away.

Law Centres

2. **Lilian Greenwood** (Nottingham South) (Lab): What steps he plans to take to support law centres. [92472]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): The Ministry of Justice does not provide direct support for law centres. However, law centres are able to bid for contracts issued by the Legal Services Commission to provide legal services in specified areas of law and will continue to be able to do so in the future.

My Department is also working closely with the Cabinet Office to support the cross-Government review into the funding of the not-for-profit sector announced on 21 November last year.

Lilian Greenwood: I thank the Minister for that reply, but what would he say to my local law centre in Nottingham, which, as a result of his legal aid changes, says it will no longer be able to offer specialist advice to people experiencing problems at work, with debts or with benefits? When our local citizens advice bureau is already hugely overstretched, does that not mean that hundreds of people—particularly vulnerable people—will be unable to get the advice they need and will be denied access to justice?

Mr Djanogly: Specifically, legal aid will be provided for a lot of debt advice after our changes. We are reducing our spend on legal aid, and law centres will be affected by that, but the Government recognise and highly value the important role of not-for-profit organisations such as law centres. That is why we launched a £107 million transition fund last year and the £20 million advice services fund this year. It is why the Cabinet Office has also announced a review of not-for-profit advice centres, which is a welcome and important development.

Sir Alan Beith (Berwick-upon-Tweed) (LD): Is it not an assumption behind the Government's reforms that the availability of advice needs to replace a great deal of litigation? If that is to be achieved, is it not necessary to ensure that there is a long-term, not merely a short-term, solution to some of the funding problems of law centres and citizens advice bureaux?

Mr Djanogly: My right hon. Friend makes an important point. We are changing the way funding works and looking for alternatives to be taken up. However, we appreciate that, in the meantime, while the reorganisations are happening, there is a need to support law centres, which is why we are looking at transitional provisions to ease that passage.

Mr Andy Slaughter (Hammersmith) (Lab): Writing in yesterday's *Daily Mail*, Matthew Elliott, the chief executive of the TaxPayers Alliance, pointed out that:

"advice costing £80 to deal with a housing problem can save thousands for councils who are legally required to house homeless families...cutting £10.5m for legal aid in clinical negligence cases will cause knock-on costs to the NHS of £28.5m."

He says:

"Almost everyone who has looked at these particular cuts"—

even Norman Tebbit—

"thinks that too many of them will end up costing taxpayers more than they save."

Is he right?

Mr Djanogly: No, he is not right. The figures have been repeated by the Law Society. The point is that legal help is not the same as legal aid. We certainly appreciate the strong need for legal help so that problems can be dealt with early, and that is why we are very supportive of not-for-profit organisations.

European Court of Human Rights

3. **Stephen Phillips** (Sleaford and North Hykeham) (Con): What steps he is taking to promote reform of the European Court of Human Rights. [92474]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): The United Kingdom has made reform of the Court the top priority for our current chairmanship of the Council of Europe. Our aim is to secure agreement on a package of reform measures. We have been talking to many member states and to key figures in the Court and the Council of Europe, and we are reasonably confident that we can gain agreement.

Stephen Phillips: I am extremely grateful to my right hon. and learned Friend for that answer. He will have seen that the Prime Minister rightly condemned the Court's decision effectively blocking the deportation of Abu Qatada despite the assurances that the United Kingdom obtained from Jordan. How long does he expect this reform process to take, and what steps are being taken now to ensure that the Court does not torpedo decisions of the UK courts in a way that undermines rather than supports human rights?

Mr Clarke: My hon. and learned Friend is at least as good a lawyer as I am—and practised more recently too—and will know that cases are often more complicated than they appear. We actually won the Abu Qatada case on the question of the assurances that we got about his possible torture. Irritatingly, we then lost it on a separate issue about whether prosecution evidence against him had been obtained by torture. Obviously, the Government, led by the Home Secretary and advised by the Attorney-General, are considering what to do next to take the case further. The reform does not turn on one case. However, one of the key reforms that we are urging is that the Strasbourg Court should not just be regarded as a court of appeal after the full process has been gone through in this country's courts and issues of human rights have been properly considered. The issue that my hon. Friend raises is at the heart of the case that we are arguing with our colleagues in the Council of Europe.

Jeremy Corbyn (Islington North) (Lab): Does the Justice Secretary agree that much of the media speculation and attacks on the European Court of Human Rights are damaging to the interests of many people all over Europe who are suffering serious human rights abuses? This country, which prides itself on having a Human Rights Act, should support the European convention and the Court, and recognise that it is in everybody's interest that we protect human rights in this country, as well as in Huhgary, Russia or wherever else they are under threat.

Mr Clarke: This country is a great advocate of human rights throughout the world, and should continue to be so. The Prime Minister, the Foreign Secretary and I have confirmed in recent speeches at Strasbourg our commitment to the European convention on human rights and our desire to see human rights maintained all the way from this country to the Russian Federation, which is the furthest-east member. However, we seek to strengthen the Court by making it operate properly. It should concentrate on the important cases and those that raise serious issues of principle obtaining to the convention. At the moment, it has 150,000 cases in arrears. It takes years to get them heard, and it sometimes gives judgments despite the whole issue having been properly considered by national institutions and national courts.

Mr Christopher Chope (Christchurch) (Con): Will my right hon. and learned Friend be visiting judges in the European Court of Human Rights to explain the agenda for the British chairmanship of the Council of Europe? When our right hon. Friend the Prime Minister visited Strasbourg—very successfully—last Wednesday and gave a brilliant speech, delegates expressed concern that he did not have time to visit the Court itself.

Mr Clarke: First, I am delighted that my hon. Friend and I agree that the Prime Minister gave a brilliant speech in Strasbourg last week. It went down very well there. Yes, I meet judges. As I mentioned in an earlier answer, I hold discussions with judges. There is widespread acceptance in Strasbourg of the need for reform, so long as people are satisfied that we will continue to uphold the convention and we regard the Court as the right forum in which to consider serious issues of principle in all 47 member states. I am sorry that my right hon. Friend the Prime Minister was unable to meet judges, but I am sure that I can facilitate the opportunity for him to do so, if he or the judges wish it. However, the Foreign Secretary, the Attorney-General and I are in touch with the judges and our opposite numbers in all the relevant countries.

Sadiq Khan (Tooting) (Lab): May I ask the Justice Secretary for a short answer to a straightforward question? Does he share the apparent view of the Prime Minister and many of his Back Benchers that if the Government cannot persuade the other 46 Council of Europe members to reform the European Court of Human Rights, as set out last week, the UK should withdraw from the European convention on human rights?

Mr Clarke: The Prime Minister has never expressed that view to me or publicly, so far as I am aware, and if he did, I would not agree with it.

Foreign National Prisoners

4. **Mr John Spellar** (Warley) (Lab): What steps he is taking to transfer more foreign national prisoners to their home countries. [92475]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): The Government are committed to removing more foreign national offenders at the earliest opportunity. Last week I met the European Union Commission, and the Justice Secretary met European Union Justice Ministers, to impress upon them the importance of member states implementing the new European Union prisoner transfer agreement promptly. We continue to negotiate prisoner transfer agreements with countries outside the European Union. We are also examining our offender management processes here in the United Kingdom, which will help to identify how more foreign national offenders can be transferred to their home countries.

Mr Spellar: Is not the reality that the number of foreign prisoners being removed is actually dropping, and that although we signed an agreement with Jamaica in 2007, Jamaica has still not got round to ratifying and acting on it? When is the Minister going to get a grip of the situation?

Mr Blunt: I regret that we are having to deal with the inheritance of the legal instruments that were negotiated and presented to us by the last Administration. The Jamaican prisoner transfer agreement is an example of that. Even if the Jamaican Parliament passed the legislation to implement and ratify that agreement—which is beyond the control of this Government, I might gently point out—it would still require the consent of the Jamaican prisoners in our prisons to go home under that agreement. That would not be forthcoming, so we need a rather more effective piece of negotiation, which is all part of the strategy that we are putting in place with the 20 countries from which the largest number of foreign national offenders in our prisons originate, to get some proper, joined-up governmental attention on this issue.

Tony Baldry (Banbury) (Con): When the sentencing judge orders an individual to be deported, why can that judge not make a finding of fact as to their nationality, so that, as of that moment, the Home Office and the Ministry of Justice can make it clear to the high commission or embassy concerned that that prisoner will be returned to that country at the conclusion of their sentence?

Mr Blunt: I am extremely grateful to my hon. Friend for that suggestion, which is certainly one that I will be taking up in our ongoing examination and review, so that we improve the current, unsatisfactory state of affairs with foreign national offenders as quickly as we legally can.

Sadiq Khan (Tooting) (Lab): May I remind the Minister that it was the last, Labour Government who negotiated the groundbreaking EU prisoner transfer agreement, which came into force last December, to transfer foreign European prisoners back to their countries during their sentence? We have had lots of tough talk from the Minister and the Government, but what progress have the Government made on ensuring that the EU agreement is implemented across all EU states?

Mr Blunt: One of the reasons why I was visiting the European Union Commission on Friday and speaking to the official responsible for implementation of the agreement was to help deliver that. It is just a slight pity that in the negotiations undertaken by the last Administration, they managed to give Poland a five-year delay and Ireland a complete opt-out.

Dr Andrew Murrison (South West Wiltshire) (Con): In designing prisoner transfer agreements, will the Minister ensure that the legitimate expectations of the victims of crime in this country are satisfied? Too often we find them fearful that their natural desire for retributive justice is going unfulfilled.

Mr Blunt: That is an important part of any consideration about the transfer of prisoners, and one that I certainly give attention to in considering applications that are made to me.

Keith Vaz (Leicester East) (Lab): As the hon. Member for Banbury (Tony Baldry) said, the process for removal should begin at the time of sentence. That was one of the recommendations of the Select Committee on Home Affairs in our last report. At the moment, the whole process starts far too late. We need better liaison between the UK Border Agency and the prison authorities.

Mr Blunt: I am grateful to the right hon. Gentleman and to his Select Committee for its work in this area. He will know just how multi-faceted this all is, and I am grateful for the continuing attention of his Committee. The points he makes are entirely reasonable and I will be following them up.

Free Legal Advice

5. **Stephen Timms** (East Ham) (Lab): What assessment he has made of the availability of free legal advice. [92476]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): The Ministry of Justice is responsible for legally-aided advice services through its relationship with the Legal Services Commission. This is publicly funded legal advice, rather than "free" legal advice. "Free", or pro bono, legal advice is not within the scope of the Ministry's ambit. Legally aided lawyers do not act for free; they act for money and are paid for by the taxpayer, so it is important that we get value for money for the taxpayer.

Stephen Timms: I am grateful to the Minister for his visit last year to the excellent advice service at Community Links that is used by my constituents. Is he aware that funding cuts mean that that service will stop providing all welfare benefits advice next year, shortly before the massive upheaval that will follow the introduction of universal credit? Is not that a recipe for disaster?

Mr Djanogly: The legal aid scope changes will not come in until April 2013, but that is indeed something that is on the horizon. I have visited the right hon.

Gentleman's local law centre, and it is a very good organisation. As I said to him the last time he asked about this issue, changes are going to have to take place, and that is why we are looking to put in place transitional arrangements.

Alun Cairns (Vale of Glamorgan) (Con): The legal aid budget amounts to a spend of £39 per person in the UK, while it is nearer to £5 in Spain, France and Germany. Does the Minister agree that the present position in the UK is wholly unsustainable, and that savings have to be made in the light of the financial circumstances that we inherited from Labour?

Mr Djanogly: Savings do have to be made. A similar comparison can be made with a Commonwealth country such as New Zealand, where the figure is about £18 per head. We must ensure that the scarce resources are spent as well as possible, and that people do not go to court when they do not need to do so.

Victim Support

6. **Derek Twigg** (Halton) (Lab): What steps his Department is taking to support victims of crime. [92477]

9. **Charlotte Leslie** (Bristol North West) (Con): What steps his Department is taking to support victims of crime. [92481]

11. **Rushanara Ali** (Bethnal Green and Bow) (Lab): What steps his Department is taking to support victims of crime. [92483]

17. **Mr David Burrowes** (Enfield, Southgate) (Con): What steps his Department is taking to support victims of crime. [92489]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): Yesterday, in a statement to the House, I launched a consultation on far-reaching proposals on the support provided to victims and witnesses of crime.

Derek Twigg: The prisoner who murdered the husband of my constituent, Helen Hill, is coming to end of his tariff and is currently undergoing day release. The exclusion zone that my constituent has asked to be applied to the murderer has been ignored. If the Government are serious about giving full rights to the victims of crime, should they not ensure that victims' wishes on exclusion zones are adhered to?

Mr Clarke: We are very serious about ensuring that the system works correctly. Victims should be given information—in this case, about the possibility of the offender being released—and consulted on their views. There are arrangements, through the probation service, for liaising with the victim. Of course, I cannot guarantee that the victim will always agree with the decisions that are taken, but they should be taken while keeping in mind the interests of the victim and, in this case, above all, the need to protect her. I will happily check on what has happened in this case, but I would say to the hon. Gentleman that we are trying to improve the present system to make it live up to his expectation that full regard will be given to victims' interests.

Charlotte Leslie: Victims often feel that their rights are taken less seriously by the system than those of the perpetrator. What measures are the Government taking to ensure that victims, especially those of violent rape, and their families are financially compensated and supported following the often life-shattering traumas that they have experienced?

Mr Clarke: I announced yesterday that we were making changes to the compensation scheme, but we are making no changes whatever to the compensation for victims of rape and sexual offences at any level of the tariff. We accept that it is important to compensate those victims, and we are trying to strengthen the support that we give to the victims of sexual offences. We are also supporting outside bodies that give support to such victims. I think that my hon. Friend will find that nothing I said yesterday remotely reduces our commitment to the victims of rape and sexual offences, and that, since we have been in office, we have been steadily improving the services that we provide.

Rushanara Ali: Given that 61% of victims feel that the justice system is ineffective, and that the victims code will not be placed on a statutory basis, how will the rights of victims be properly protected by this Government?

Mr Clarke: I do not think that 51% of victims have a factual basis for saying that. I share the hon. Lady's concern, however, that whenever questions are asked, if they are asked in the right way, we get that kind of answer. We have to get across to the public that the system does indeed punish offenders properly and attempt to reform them, and that we are steadily attempting to improve the support that we give to victims. It is extremely important that the criminal justice system should give the highest regard to victims, because protecting and giving justice to them and their families is one of the principal aims of the service.

Mr Burrowes: Will the implementation of the Government's welcome victims strategy ensure that convicted offenders take personal responsibility for their crimes and make reparations to victims? Will it also, once and for all, take out of circulation the dreadful term "victimless crime"?

Mr Clarke: I share my hon. Friend's view of the significance of this issue so that, wherever possible, criminals should make reparation for their crime and compensation should be paid to the victim. We are looking to take further action to reinforce the need for courts to try to make a compensation order whenever possible, and we are looking at ways of steadily improving how we collect the money from compensation orders when they are made. We are seeing steady improvement, but we need to go further.

Hazel Blears (Salford and Eccles) (Lab): The Secretary of State may be aware of the tragic case of my constituent, Clare Wood, who was murdered by a violent partner. It turned out that he had a huge history of domestic violence against other women. Will the Secretary of State support amendments to the Bill in the other place to ensure that victims like Clare can in future know

about the history of their violent partners and make an informed decision on whether to continue in the relationship?

Mr Clarke: That is a familiar subject, which I believe is being reviewed by my right hon. Friend the Home Secretary. The right of women to know whether their partner or intended husband has a long history of domestic violence sounds like a worthwhile cause. I have no doubt that my right hon. Friend will be looking to the practical issues that would be involved in introducing an effective system.

Dr Julian Lewis (New Forest East) (Con): In opposition, we often made reference to the terrible effect on victims of crime of the fact that they thought the perpetrators had been sentenced to a certain term of imprisonment only to find them being released half way through it. Will the Secretary of State update the House on what progress we have made towards honesty in sentencing?

Mr Clarke: These conventions got worse when our opponents were in office. I say that before the right hon. Member for Tooting (Sadiq Khan) starts attacking me. I, too, have expressed views in the past about honesty in sentencing. What happens currently is that for most sentences, half the term is served in prison; beyond that, prisoners become eligible for release, but they are on licence and liable to recall for the full term of their sentence if they do not adhere to it. There are measures in the Legal Aid, Sentencing and Punishment of Offenders Bill, currently in the other place, that address the penalties to be imposed for various offences. In place of indeterminate sentences for public protection, for example, we are going back to how sentences used to be so that people will have long determinate sentences, and will normally serve two thirds of it before they are released. That is at least a step in the right direction for my hon. Friend.

Sadiq Khan (Tooting) (Lab): It is fair to say that, until she left her post in early October last year, the Victims' Commissioner was a bit of a thorn in the side of this Government and this Justice Secretary in particular. The consultation paper on victims and witnesses, which was published yesterday, was completely silent on the future of that important post. Will the Justice Secretary reassure the House that he will not abolish this important advocate for victims and witnesses? When will the post be filled?

Mr Clarke: First, I can assure the right hon. Gentleman that I got on excellently with Louise Casey when she served in that role; it is a pity that she went away to carry out another even more important role in dealing with problem families. That can be checked with Louise Casey, but I would be surprised if she did not confirm my view. She made a contribution to policy. We are looking at this post again, and as I reminded the right hon. Gentleman the last time he raised the fact that we were still considering it, the last Government legislated for it in about 2004 and then took five years before they appointed anybody. There is a variety of views—from those responsible for victim support and others—on the best way to give proper force to victims' views in government. We are considering those views before we make any announcement.

Prison Officer Training

7. **Guy Opperman** (Hexham) (Con): What steps he is taking to encourage the inclusion of peer mentoring in prisons as part of the training of prison officers. [92479]

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): Prison officer training aims to give officers an awareness of the benefits of peer mentoring currently provided by voluntary sector and faith organisations, such as the Shannon Trust's toe-by-toe reading plan and the Samaritan-trained listener scheme. Our rehabilitation policy will encourage and facilitate mentoring for offenders by ex-offenders and other members of the public, as all parts of the justice system focus more on outcomes than inputs. The early payment-by-results pilots at Doncaster and Peterborough prisons both use peer mentoring, and the experience of these and all other pilots will guide future training and practice.

Guy Opperman: Does the Minister believe that the expansion of private provision in prisons and the payment-by-results scheme will lead to more peer mentoring and better prison officer training, and that rehabilitation rates will improve as a result?

Mr Blunt: Yes, but the payment-by-results scheme is not limited to private sector prisons. We are piloting it in two public sector prisons as well. The National Offender Management Service is to contribute £1.4 million to eight voluntary sector organisations to help with mentoring, and is also involved in a Europe-funded project that is assessing the relative benefits of mentoring by peers and non-peers.

Steve McCabe (Birmingham, Selly Oak) (Lab): Will the Minister consider the effectiveness of training when it comes to security issues? Will he look into how on earth Bilal Zaheer Ahmad, who is serving 12 years in prison and was described as

"a viper in our midst"

by the judge who jailed him under the Terrorism Act 2000, managed to send a six-page letter from his Belmarsh cell that advised potential terrorists on the best way to outwit our police and security services? Will this latest lapse be investigated by the Justice Secretary?

Mr Blunt: Of course that will be investigated, as, indeed, is every security breach.

Tom Brake (Carshalton and Wallington) (LD): Following the tragic deaths of two teenagers at young offenders institutions in the last week, will the Minister examine the role of peer mentoring in helping people to detect those who are at risk of self-harm or suicide?

Mr Blunt: Of course our condolences go out to the families in question. However, I understand that this is the first time such a thing has happened on the under-18s estate since 2007, and the fact that there have been two tragic incidents in close succession does not mean that we should not recognise the good record that has been maintained in the intervening years. Every effort will be made to learn all the lessons from what has happened during the four different types of inquiry that will take place into each of the deaths.

Mr Speaker: I call Michael Connarty. He is not here, so I call Dave Watts.

Probation Service

10. **Mr Dave Watts** (St Helens North) (Lab): What steps he plans to take to maintain public safety when implementing his plans for the future of the Probation Service. [92482]

12. **Martin Caton** (Gower) (Lab): What steps he plans to take to maintain public safety when implementing his plans for the future of the Probation Service. [92484]

13. **Toby Perkins** (Chesterfield) (Lab): What steps he plans to take to maintain public safety when implementing his plans for the future of the Probation Service. [92485]

15. **Karl Turner** (Kingston upon Hull East) (Lab): What recent steps he has taken to review the work of the Probation Service; and what his policy is on the reform of the service. [92487]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): Public safety will always be of paramount importance when we are considering the way in which probation services are delivered. We are working on proposals to deliver more effective and efficient probation services, and will present them for consultation shortly.

Mr Watts: How does the Secretary of State plan to help the probation service to deal with the increased risk to the public, given his proposal for the abolition of indeterminate sentences for public protection?

Mr Clarke: We debated that at great length in the House. IPPs were regarded by most people in the field of criminal justice as a complete disaster when they were approved in the last Parliament, and our proposed reform of them was strongly welcomed by most who practised in that field. We are replacing them with tough determinate sentences, of which people will serve two thirds before they are eligible for release. Even then, they will not be released unless the Parole Board is satisfied that they have completed their sentences. We were acquiring an impossible system before that, under which thousands of people were accumulating in prison with no real prospect of a rational basis for their release.

Several hon. Members *rose—*

Mr Speaker: No one enjoys listening to the Secretary of State more than I do, and I have been doing so for more than two decades, but we have a lot to get through, so economy is of the essence.

Martin Caton: There is a real fear both inside and outside the House that introducing a payment-by-results approach to our Probation Service risks denying adequate rehabilitation support to those with the most complex needs. What will the Secretary of State do to mitigate that risk?

Mr Clarke: I think that it is key to public service to concentrate on what we are delivering that is of value to the people we are trying to serve. Focusing our resources on programmes that succeed in reducing the reoffending rate, thereby reforming former offenders and ensuring that they do not create future victims of crime, will help us to ensure that we secure value for money, and will also stimulate innovation and best practice. I think it very reactionary to suggest that we should abandon the payment-by-results approach.

Toby Perkins: As the Secretary of State will know, when probation is seen to fail and ex-offenders reoffend, it is often because the various organisations involved have failed to work together. What steps will he take to ensure that the marketisation of probation services, with many different providers potentially doing different things, does not lead to more fragmentation and more tragedies?

Mr Clarke: I agree. We normally need people to co-operate quite closely to achieve successful outcomes if we are trying to reform offenders. Those who are trying to attract funds by achieving successful results in their programmes will, I hope, enter into collaborative arrangements with other providers. It must be a good thing that we are contemplating the possibility of bringing in more voluntary, charitable, private sector providers alongside the probation service and deciding where to channel most of our money on the basis of the success they achieve.

Karl Turner: I recently met Steve Hemming, chief executive of Humberside probation trust. He is due to retire in April after 30 years of long, loyal and patient service to the trust, but he is concerned that his patience might be about to run out. When will the Government publish their long-awaited probation review?

Mr Clarke: First, may I pay tribute to the retiring chief executive of the hon. Gentleman's probation trust? There are many dedicated people in the probation service doing very valuable jobs on behalf of the public they serve. I am glad our consultation document is so eagerly awaited; we have been taking some time over it as we are trying to get it right, but we shall produce it soon.

Andrew Bridgen (North West Leicestershire) (Con): Does my right hon. and learned Friend agree that the probation service has substantially been financially protected when taking into account the overall demands on the budget of the Justice Ministry?

Mr Clarke: I am not sure whether that is right, but I shall check. What my hon. Friend may have noticed is that this year we cut some other services' budgets more sharply than we cut that of the probation service, but that is because the previous Government had been cutting the probation service budget pretty sharply, once they finally woke up to the fact that we were in a credit crunch and a financial crisis. They hit the probation service first.

Philip Davies (Shipley) (Con): In the last year for which I have figures for the Department, 6,600 criminals deemed high or very high risk by the probation service were serving community sentences. Does my right hon. and learned Friend think public safety would be better improved if some—or, indeed, most—of those people were in prison?

Mr Clarke: Sentencing guidelines should ensure that those who deserve to go to prison because of the severity of their offence, and those who need to go to prison in order to protect the public properly, do go to prison. Those who get community sentences are graded according to risk. More attention must be paid to those who are near the risk threshold of needing to go to prison rather than those who pose quite a low risk of reoffending. With respect however, I think my hon. Friend is slightly misinterpreting what is called the risk assessment for people on community sentences. People who should go to prison should be sent to prison by the courts, and they are.

Andrew Selous (South West Bedfordshire) (Con): Does my right hon. and learned Friend agree that it is ridiculous that unaccountable managers in the National Offender Management Service can undo all the good work done by probation officers by putting an ex-offender back in prison purely for having been a conscientious employee who was kept on late at work?

Mr Clarke: If those are the facts of the case, I entirely agree with my hon. Friend. He is obviously concerned about this case, and if he thinks something has gone badly wrong, I know him well enough to share his concern. I have had a word with the prisons Minister about this case, and we will investigate the facts and come back to him. The events as described obviously should not happen; that is not how the system is supposed to work.

Mrs Jenny Chapman (Darlington) (Lab): I have listened to the Secretary of State's responses on indeterminate sentences for public protection and payments by results and he is clearly feeling very optimistic. While we all like someone with a sunny disposition, when considering public protection issues it is also important to plan for failure. Does the Secretary of State plan to monitor the financial help given to providers of probation services in the community so that we avoid a criminal justice equivalent of Southern Cross?

Mr Clarke: When people provide services, of course it is necessary before giving them the contract to do one's best to check on their financial health, but this issue has moved beyond arguments about whether a provider should be from the voluntary sector or a for-profit or not-for-profit provider. I wish to maximise the service given to the public by those who provide community-based sentences in this country, and we need to encourage innovation and best practice wherever we can.

Prison Places

14. **Kerry McCarthy** (Bristol East) (Lab): What arrangements his Department has put in place to deal with any future shortfall in prison places. [92486]

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): On Friday 27 January, the prison population was 87,668 against a capacity of 89,399 places, providing headroom of 1,731 places, so there are sufficient places for those being remanded and sentenced to custody. We will keep the prison population under careful review to ensure that there is always sufficient capacity to accommodate all those committed to custody by the courts.

Kerry McCarthy: I thank the Secretary of State for that response. I understand that possible shortfalls are predicted in particular regions as opposed to on a national level. The Minister will know that maintaining family links during a period of imprisonment is a critical factor in reducing reoffending on release. Will he assure the House that steps will be taken to ensure that prisoners are kept as close to their family and their place of origin as possible?

Mr Clarke: In many cases, a high priority is given to trying to house prisoners in places where they are reasonably in contact with their family and home. Of course, the more pressure the service comes under, the more difficult it is to maintain that, but I am sure it remains an objective of those who allocate prisoners to the correct prison once they receive their sentence.

Legal Aid

16. **Geraint Davies** (Swansea West) (Lab/Co-op): What assessment his Department has made of the effect on women of his proposed changes to legal aid. [92488]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): The Government published an equality impact assessment alongside their response to the consultation, which set out the best assessment of the effects on women of the proposed changes to legal aid. This recognised the potential for the reforms to have an impact on women alongside those with other protected characteristics. We have taken the view that any such impacts would be justified in the light of the policy objectives, especially in the context of reducing the deficit.

Geraint Davies: The Minister knows that the courts are already in crisis due to a shortage of court and judge time. Will he accept that the removal of legal aid will encourage more and more women to provide their own defence, which will add to the crisis of delays and will mean further delay for children, bringing hardship to families and children?

Mr Djanogly: There is no shortage of court time or judge time. I simply do not accept what the hon. Gentleman says.

Miss Anne McIntosh (Thirsk and Malton) (Con): I understand why my hon. Friend is bringing forward the changes, but is he aware of the perverse consequences on new entrants to the Bar, particularly women, given the opportunities in relation to being mobile and entering a legal profession in which one or one's family have not been involved? Doors are being slammed in women's faces.

Mr Djanogly: Certainly, as far as solicitors are concerned, the number of entries to the profession by women is now greater than by men. I believe the same is the case for barristers, but I will check and come back to my hon. Friend.

Greater Manchester Intensive Alternative to Custody Project

18. **Paul Goggins** (Wythenshawe and Sale East) (Lab): What assessment he has made of the effectiveness of the Greater Manchester intensive alternative to custody project in reducing reoffending and the use of short-term prison sentences. [92490]

The Minister for Policing and Criminal Justice (Nick Herbert): We are currently considering the feasibility of an evaluation of intensive alternative to custody projects by comparing reoffending rates with those for similar offenders receiving custodial sentences.

Paul Goggins: I am grateful to the Minister for that answer. As he knows, the Manchester project is aimed at 18 to 25-year-olds who would otherwise go to prison. Those offenders have a reoffending rate of 18%, whereas the rate for offenders of a similar age who go to prison, which costs 10 times more, is 58%. Will he bear that evidence in mind and, as a Minister who believes in payment by results, make sure that funding goes to such projects as a priority?

Nick Herbert: I accept the force of the right hon. Gentleman's comments and I have visited those responsible for running the scheme in Manchester as he knows—indeed, I think it was at his instigation. It is important that we evaluate these projects properly, and our general position is that we want to have more punitive community sentences, which are effective and combine rehabilitation with a punitive element. If possible, we want such schemes to be mainstreamed so that they can be taken beyond their pilots.

Mr Speaker: With reference to alternative to custody projects, Mr Paul Maynard.

Paul Maynard (Blackpool North and Cleveleys) (Con): Thank you Mr Speaker, and indeed it is. If we are to increase public confidence in more intensive forms of community sentencing, we clearly need to link them, as we have just heard, to evidence showing how they reduce reoffending. In the commendable analysis of the pilot in Manchester published in July 2011 by the Ministry of Justice, the difficulty of calculating reoffending statistics is made clear. Will the Minister reassure me that he will do all he can to square this circle so that we can persuade members of the public that this is the way forward?

Nick Herbert: Yes, my hon. Friend makes a good point. There have been difficulties, which is why we are assessing the feasibility of evaluation. We need the data for the reasons he gives: it is important that the public know how effective the disposals are and, in the future, that will be important for proposals on payment by results. Where they are successful and reduce reoffending, which we have had great difficulty delivering through short-term custodial sentences, such measures should be considered.

Conditional Fee Arrangements

19. **Kevin Brennan** (Cardiff West) (Lab): What assessment he has made of the effect of his reforms to conditional fee arrangements on people's ability to pursue civil cases against newspapers and other media organisations. [92491]

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): The Government are reforming the operation of conditional fee agreements through the provisions of the Legal Aid, Sentencing and Punishment of Offenders Bill. The relevant impact assessments are published on the Ministry of Justice website. We believe that meritorious claims, including against media organisations, will still be able to secure representation under CFAs.

Kevin Brennan: Victims of phone hacking are absolutely clear that they would not have been able to take their cases forward were it not for no win, no fee arrangements being available; nor would the critical mass of cases been built up to break the scandal open. Why are the Minister and the Government on the side of powerful media moguls against vulnerable victims?

Mr Djanogly: Quite the opposite: in fact, the high and disproportionate costs in the present system hinder access to justice and can lead to a chilling effect on journalism and academic and scientific debate. In the Naomi Campbell case, the European Court of Human Rights found the existing CFA arrangements with recoverability in that case to be contrary to article 10 of the convention.

Topical Questions

T1. [92496] **Andrew Stephenson** (Pendle) (Con): If he will make a statement on his departmental responsibilities.

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): May I update the House on the progress the Government have made toward implementing their proposals for payment by results, which I was defending a few moments ago? We have recently identified two probation trusts, one in Wales and the Staffordshire and West Midlands probation trust, to develop the community payment by results approach to probation services. We already have two well-established pilots in privately managed prisons and we hope to develop more; further pilots are being developed in public sector prisons. We are seeking proposals from the market for additional innovative contracts. We have selected a national framework of providers to support this work, which will assist us in meeting our commitment to roll out the principles of payment by results throughout the criminal justice system.

Andrew Stephenson: I hope the Secretary of State agrees with me that it is disgraceful that criminals who have created victims of crime are compensated under the criminal injuries compensation scheme. How much have criminals received over the past 10 years?

Mr Clarke: It is £75 million in the past 10 years, I think, and about 20,000 offenders have been compensated—I am remembering the brief for my statement yesterday. It is plainly insupportable that one week someone can commit a crime at his victims' expense, and within a very short time claim that the taxpayer should compensate him because someone has committed a crime against him. We are bringing that to an end.

Robert Flello (Stoke-on-Trent South) (Lab): Last week, there were two tragic deaths of young people in custody: Jake Hardy, a 17-year-old held at Hindley, and 15-year-old Alex Kelly, a prisoner at Cookham Wood. Although, rightly, there will be investigations and inquests, urgent questions need to be answered. Had mental health assessments been undertaken? Were the boys receiving treatment? Had there been any fighting involving these children? Were any forms of restraint used? Will the Secretary of State make urgent inquiries into the circumstances of the deaths to address concerns that this may be a new systemic problem, and inform the House?

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): Yes. The hon. Gentleman will be aware that four separate types of inquiry are to be conducted. Later today I will meet the chairman and chief executive of the Youth Justice Board and discuss those cases.

T2. [92497] **Mr Mark Spencer** (Sherwood) (Con): Following the horrific murder of my constituent Kynan Eldridge, I wonder whether the Minister can assure the House and Kynan's family that the perpetrators of such crimes, if they are foreign nationals, will be deported after their sentence ends? What work is he doing to ensure that that happens?

Mr Blunt: My hon. Friend will have heard the exchanges earlier about foreign-national offenders. We are doing everything that we can to improve the legal situation, so that we have more powers to deport people and can improve the administrative process through proper co-operation between the UK Border Agency and the National Offender Management Service.

T4. [92499] **Jessica Morden** (Newport East) (Lab): Last month, Welsh Women's Aid surveyed 324 victims of domestic violence who were receiving specialist support, and it found that 46% of them would not be eligible for legal aid if the Government's proposals were carried out. Why will the Government not listen to the evidence, which plainly points to the fact that many victims of domestic violence will be denied access to justice?

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): We have had the Welsh report and are looking at it, but we dispute the figures in it. As I have said on many occasions, when it comes to legal aid, we are concentrating our efforts on helping to deal with domestic violence, and that will be the case following our reforms.

T3. [92498] **Andrew Selous** (South West Bedfordshire) (Con): Do Ministers share my concerns about the unacceptable burdens placed on small businesses by ambulance-chasing lawyers, who pursue those businesses for spurious claims when they have no right to do so?

Mr Djanogly: The Government are taking firm, significant steps to address the burgeoning claims market, which, as my hon. Friend says, particularly encourages low-value claims against businesses and others—claims for which we all end up paying. That is why we are reforming no win, no fee conditional fee agreements and banning referral fees, and why we are countering illegal text advertising and consulting on banning inducement advertising.

T6. [92501] **Derek Twigg** (Halton) (Lab): I thank the Secretary of State for saying, following my earlier question, that he would look at the case that I mentioned, but will he examine, or get his Department to examine, whether there is consistency among parole boards and prison governors when it comes to licence conditions relating to exclusion zones? There is nothing worse than a family bumping into the murderer of a loved one in the street, or in the locality. Will he look at the consistency of parole boards' and governors' decisions?

Mr Kenneth Clarke: I will certainly look at that, because I agree with the hon. Gentleman that there should be consistency. That is why we have exclusion zones—precisely to make sure that the victims of a criminal do not find that they accidentally bump into him again, or even worse, are pestered by him when he is released from prison. We all take cases of the kind that he raises very seriously, and we will look into this one.

T5. [92500] **Dr Sarah Wollaston** (Totnes) (Con): Devon Rape Crisis was launched last November and has already helped many victims of sexual violence across Devon, but it and Rape Crisis England and Wales are calling for changes to make it easier to identify the number of victims of crimes that are sexually motivated. Will the Secretary of State meet Rape Crisis and me to discuss how we can make such crimes more easily identifiable, and to hear about the excellent work of Rape Crisis?

Mr Blunt: My hon. Friend has raised an important issue, and I would be very pleased to meet her and colleagues from Rape Crisis to look at the linkages, and at the proper examination and analysis of data in this area. It is important that we continue to improve our knowledge.

T7. [92502] **Mr Gareth Thomas** (Harrow West) (Lab/Co-op): Will the Secretary of State explain how he thinks that axing 1,000 posts at the Crown Prosecution Service will help him to bring more criminals to justice?

Mr Kenneth Clarke: I am sure that my right hon. and learned Friend the Attorney-General has ensured that, in making changes to the budget and staffing of the Crown Prosecution Service, he is not reducing the quality of service that it provides. These things are not best measured by whether a body has ever-expanding payrolls or budgets; that tended to be the approach of the former Government, in which the hon. Gentleman served. We are trying to produce better value for money, in order to cope with the appalling financial crisis that we inherited from our predecessors.

T8. [92503] **Michael Ellis** (Northampton North) (Con): The trade unions directly benefit from current no win, no fee arrangements, earning huge amounts via their legal arms through inflated success fees. What

assessment has the Minister made of the amount of success fees paid to trade unions, particularly in personal injury cases?

Mr Djanogly: Unfortunately, the trade unions did not provide their lawyers' success fee details, or their referral fee income details, to the consultation. However, given that they have received more than £550,000 in donations from personal injury lawyers, it seems that the unions' lawyers are not entirely disinterested in the outcome of our attempt to rein in the compensation culture.

Ian Lucas (Wrexham) (Lab): How is it that an individual on remand for murder can hang himself while in custody? Will the Secretary of State hold an urgent inquiry?

Mr Blunt: Of course, in all these cases there are immediate operational inquiries, and then there are proper coroners' inquiries. In all such cases, there will then be an inquiry by the prisons and probation ombudsman. These matters are taken extremely seriously. The number of self-inflicted deaths in custody has been falling, but there have been a number of tragic cases recently. Of course, we will look at all this extremely seriously.

T9. [92504] **Mr Peter Bone** (Wellingborough) (Con): This splendid Conservative-led coalition Government have done much in the fight against human trafficking. The poor women who are victims of human trafficking and sexual exploitation and who are then rescued go into the national referral mechanism, but what happens to them after 45 days? Are they thrown out if they do not qualify?

The Minister for Policing and Criminal Justice (Nick Herbert): No, I am happy to reassure my hon. Friend that that is certainly not the case. There is an ongoing process of assessment and support during the 45-day period, after which victims continue to receive support as necessary in Salvation Army outreach centres or from mainstream services. We are determined to improve the service provided to victims of these appalling crimes and have protected funding in order to do so.

Fiona Mactaggart (Slough) (Lab): John Anslow is the first category A prisoner to escape for 17 years. Does the Secretary of State know why?

Mr Blunt: The matter is understandably being inquired into, and in due course we will report back.

T10. [92505] **Mr Robert Buckland** (South Swindon) (Con): Residents and organisations in my constituency will welcome the Government's decision to update the law relating to scrap metal. When will the necessary amendments to the Legal Aid, Sentencing and Punishment of Offenders Bill be brought forward?

Mr Kenneth Clarke: I share my hon. Friend's concern to see the Government move on this matter as quickly as possible. I assure him that we are working carefully with colleagues on the drafting and hope to be able to table amendments to the Bill, which is currently before the House of Lords, as soon as possible.

Dr William McCrea (South Antrim) (DUP): Many innocent victims of crime feel isolated and dissatisfied at the end of the justice process. Will the Secretary of State assure me that protection of, and justice for, the victim will be fundamental to the reformed criminal justice system?

Mr Clarke: I hope that I can assure the hon. Gentleman and that he will have the opportunity to study the consultation document I published yesterday. I concede that there has been a steady process of improvement over the years, compared with the situation not too long ago, when victims were regarded simply as people who had to come to court if they were needed, but we still have not gone far enough. We must ensure that the experience of being in court does not add to a victim's suffering, that all proper support is given to those who have been badly and lastingly affected by what has happened to them and that there is a proper system of compensation. The object of the criminal justice service must be to give proper service to the victims of crime.

Greg Mulholland (Leeds North West) (LD): It has come to light that barrister David Friesner recently defended a fraudster, despite having just been convicted for stealing £81,000. We had an absurd situation in which a criminal was representing a criminal, which brings the legal system into disrepute. Will the Minister look into the actions of the Bar Standards Board and consider mandatory suspension for those guilty of serious crimes?

Mr Speaker: Order. My firm impression is that this matter is currently sub judice and, if I am correct in that surmise, I know that the Minister will exercise his customary lawyerly caution, and it might well be that silence is the best policy.

Mr Djanogly: I shall indeed be cautious, Mr Speaker, but I can say that I certainly agree with and understand my hon. Friend's concerns. This is a regulatory matter, rather than a legislative loophole, but we are in contact with the BSB about it.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): Will the Minister recognise the effectiveness of multi-agency working, which is usually led by the probation service? I recently visited the Huddersfield probation office and was surprised by how effective such working is in cutting the levels of crime and reoffending.

Mr Blunt: The hon. Gentleman is absolutely right to draw the House's attention to the benefits of more effective integrated offender management, which is another way of expressing the multi-agency working to which he draws attention. This good practice is widening across the whole system and, I am delighted to say, becoming the norm.

Mrs Helen Grant (Maidstone and The Weald) (Con): One in four girls, some as young as 13, are hit by their boyfriend. What action will the Minister take to tackle violence among children?

Mr Djanogly: Tackling domestic violence is an absolute priority of this Government, and we are co-ordinating action with the Home Office. Indeed, my hon. Friend

appeared in a debate that was held in Westminster Hall only a few days ago, and she will have seen the full picture at that time.

Yvonne Fovargue (Makerfield) (Lab): In the Ministry of Justice's own impact assessment of the cuts to civil legal aid, there are 15 statements that the Ministry does not have evidence for the savings and 30 admissions that the savings are based on speculation. Should not the Secretary of State listen to Citizens Advice and King's college London, which can demonstrate that the cuts will cost the taxpayer more than they will save?

Mr Djanogly: We have seen the King's college figures, and we do not agree with them. The fact of the matter is that we have published full impact assessments, and we stand by them.

Mr Edward Timpson (Crewe and Nantwich) (Con): More than half of male prisoners and almost three quarters of female prisoners have no qualifications at all. What efforts are being made, through the training of prison officers, to raise awareness of the importance and availability of prison education in our prisons?

Mr Blunt: We have recently re-let the offender learning and skills contracts, which are funded through the Department for Business, Innovation and Skills. That is about £157 million worth of education which is being put into skilling-up offenders, not least so that they can then take part in our work in prisons strategy and we can get much more effective and economic use of prisoner time in prison—with enormous benefits for them on release.

Mark Durkan (Foyle) (SDLP): Is the Secretary of State aware that yesterday the Northern Ireland Human Rights Commission registered profound concerns about the "Justice and Security" Green Paper's proposals on closed material proceedings? Will he accept that moving to provide for secret trials and secret inquests has acute implications in the context of Northern Ireland, not least its impact on transitional justice and on the efforts to deal with the legacy of the past?

Mr Kenneth Clarke: As the hon. Gentleman knows, we are consulting on those proposals in relation to that difficult subject. All I can say is that I certainly appreciate its special significance for Northern Ireland and the situation in Northern Ireland, and we will pay the most careful regard to the submissions that we receive from all those interested in Northern Ireland before we come to our conclusions.

Duncan Hames (Chippenham) (LD): Throughout the 18 months to the end of September 2011, consistently more than half of appeal cases relating to employment and support allowance took longer than six months to be decided by the Courts and Tribunals Service, meaning that more than twice as many people as the service's own target are waiting that long. What action is the Minister taking to ensure that they receive their decisions in good time?

Mr Djanogly: The service is under pressure because of an increase in appeals, but I am very pleased to say that in five of the past six months more appeals have gone out the door than have come in.

Mr Speaker: Last but not least, Mr Toby Perkins.

Toby Perkins (Chesterfield) (Lab): Last week I met the family of Jake Hardy, a 17-year-old with learning difficulties who died last week after hanging himself in Hindley young offenders institute. The family tell me that Hindley was aware that Jake had been a victim of systematic bullying, was of low mental capacity and had self-harmed earlier in the week, yet it declined to place him on suicide watch. What steps will the Minister take to ensure that the full facts of the case emerge, and what will he do to prevent another family from feeling the grief felt by the Hardys?

Mr Speaker: Order. Again, I rather suspect—I am not a lawyer, and I say that as a matter of some very considerable pride, but as far as I am aware—the question is likely to be sub judice. I do not criticise the hon. Gentleman, but I exhort the Minister to be characteristically cautious in his response.

Mr Blunt: I am grateful, Mr Speaker. The case has been referred to several times in the course of today's questions, and I do not have anything more to add to the answer that I have given. The hon. Gentleman knows that I am seeing the chairman and the chief executive of the Youth Justice Board later on today, and the case will of course be on the agenda for our discussions.

Informal European Council

3.33 pm

The Prime Minister (Mr David Cameron): With permission, Mr Speaker, I should like to make a statement on yesterday's informal European Council.

Countries right across Europe need bold action to recover their economic dynamism, to get to grips with their debts and to secure growth and jobs for the future, and that was rightly the focus of this Council. So, first, we agreed important measures needed to restore Europe's competitiveness; next, we discussed the separate intergovernmental treaty on fiscal discipline in the eurozone; and, finally, we issued a statement on Iran, Syria and Burma. I am going to take each in turn.

Britain's agenda in Europe is to promote growth, competitiveness and jobs. We have said repeatedly that the best way in which the EU can drive growth and create jobs is to complete the single market, establish trade deals with the fastest growing parts of the world and cut the regulatory burdens on business. At this Council we made important progress on all those issues.

We agreed to establish a fully functioning single market in services, where there are still 4,700 professions across Europe for which access is regulated by Government, and in digital, where there are more than a dozen copyright regimes in what should be one single market. We will take action to secure what should be a fast-growing area right across Europe. The changes on services and digital alone could add more than 6% to EU GDP within a decade. We also agreed to complete the energy single market, which has the potential to cut costs for businesses and consumers across Europe.

On free trade, we said that 2012 should be a "decisive year" in which to move ahead on trade agreements with major partners such as Japan, India, Canada and the United States. On regulation, we agreed to a growth test, for the first time, to ensure

"that all actions at the European Union level fully support economic growth and job creation."

We also agreed to reduce regulatory burdens, especially for small and medium-sized enterprises and micro-enterprises, and to complete a patent package to support innovation. That has been discussed in Europe for more than a decade and finally we are making decisive progress.

We want the eurozone to sort out its problems, which are having a chilling effect on our economy. Tackling them is one of the best ways in which we can help to secure growth in Britain and right across Europe. As I have said repeatedly, short-term steps—the so-called October package—must be taken, and taken properly. Europe's banks must be recapitalised properly, the uncertainty in Greece must be brought to a decisive end, and the firewall that needs to be constructed must be big enough to deal with the full scale of the crisis and the potential contagion. In the longer term, proper fiscal discipline in the eurozone is clearly an important part of the solution. Britain recognises that that is necessary. The question has never been whether there should be greater fiscal discipline in the eurozone, but how it should be achieved.

I went to the European Council last December prepared to agree a treaty of all 27 countries, but only if there were proper safeguards for Britain. I did not get those safeguards, so I vetoed the treaty. As a result, eurozone countries and others are now making separate arrangements outside the EU treaties for strengthening budgetary discipline, including by ensuring that there are much tougher rules on deficits. At this Council, 25 EU member states agreed a new treaty outside the EU. Britain and the Czech Republic have not signed up and we will not be taking part.

Let me deal directly with the issue of the institutions. The new agreement sets out roles for the European Commission and the European Court of Justice. Although some of those roles are permitted through existing treaties, there are legal questions about what is planned. As I have said, it is in Britain's interests that the eurozone sorts out its problems. It is also in our interests that the new agreement outside the EU is restricted to issues of fiscal union and does not encroach on the single market. The new intergovernmental agreement is absolutely explicit and clear that it cannot encroach on the competences of the European Union and that measures must not be taken that in any way undermine the EU single market. Nevertheless, I made it clear that we will watch this matter closely and that, if necessary, we will take action, including legal action, if our national interests are threatened by the misuse of the institutions. *[Interruption.]*

Mr Speaker: Order. There is a fine line between jollity and hysteria. I fear that the hon. Member for Rhondda (Chris Bryant) is in danger of having crossed it. He must calm himself, by whatever means necessary.

The Prime Minister: The principle that the EU institutions should act only with the explicit authorisation of all member states remains. Let me be clear: this is a treaty outside the EU. We are not signing it, we are not ratifying it, we are not part of it and it places no obligations on the UK. It does not have the force of EU law for us, nor does it for the EU institutions or for the countries that have signed it, and there will be no inner group of European countries distorting the single market from inside the EU treaty. That is the fundamental protection that we secured with our veto in December, and that protection remains.

We also made an important statement on developments in Iran, Burma and Syria. Britain has played a leading role in getting Europe to act together on each of those issues. On Iran, last week all EU countries agreed an unprecedented oil embargo, which shows our determination to keep up the pressure on the regime to turn away from any plans to develop nuclear weapons.

In Burma, for years Aung Sang Suu Kyi has been an inspiration to her people and to the world. Britain has supported her at every stage and has been at the forefront of EU sanctions. Now there are signs of a new moment of opportunity for democracy, and we should be prepared to relax those sanctions, but only in stages and only in response to reforms. When I spoke to Aung Sang Suu Kyi on Saturday, she emphasised the importance of credible and free by-elections in April. I can assure the House we will be watching that very closely.

On Syria, the Council condemned the continuing violence and the repression of the Syrian people. Reports suggest that more than 60 people were killed on the streets of Syria last week alone. In total, more than 5,000 people have been killed, 400 children murdered and tens of thousands of people detained. Today, the

Foreign Secretary is in New York to support the Arab League's call for Security Council action condemning repression and supporting a transition of power. All 27 EU member states backed that call for UN action, and if the violence does not end, we agreed that we would tighten EU sanctions further. Our message is clear: we will stand with the Syrian people. It is time for all members of the UN Security Council to live up to their responsibilities instead of shielding those who have blood on their hands. The killing must stop, and President Assad must stand aside.

This was an important Council for Britain. On competitiveness, the single market and trade, Britain is setting the agenda. On action to face down dictators and dangerous regimes in Iran and Syria, Britain is leading the way, and by saying no to a new EU treaty we have protected Britain's interests. I commend this statement to the House.

3.41 pm

Edward Miliband (Doncaster North) (Lab): I thank the Prime Minister for his statement and associate myself with his remarks about Iran, Syria and Burma. On those issues there has been a bipartisan approach, and the Government have our full support in the effort they are making.

Having heard the Prime Minister's statement on Europe, the whole House now knows the truth—that with this Prime Minister, a veto is not for life, it is just for Christmas. He said—*[Interruption.]* Calm down, dear, calm down. He said that it was a real veto on the use of European institutions, and his Back Benchers believed him. Even his Cabinet believed him. What did the welfare Secretary—where is he?—say just this weekend? He could not have been clearer. He said:

"The fact is the Prime Minister vetoed them using the institutions".

There was not a glimmer of doubt in his mind. He was asked whether the structures of the EU would be used for the fiscal compact, and he said:

"The Prime Minister has already made it clear...he vetoed any such possibility of that happening."

It is no wonder the welfare Secretary said that, because it was what the Chancellor said the day after the summit. He said on the Saturday morning:

"If we had signed this treaty...we would have found the full force of the...European court, the European Commission, all of those institutions enforcing those treaties using that opportunity to undermine Britain's interests...We were not prepared to let that happen."

Can the Prime Minister now confirm that the treaty will be ruled on by the European Court of Justice? Article 8 of the treaty says yes. Can he tell us whether the European Commission will implement the treaty? Article 8 says yes.

What about the Prime Minister's line in the sand? We know that at 4 am on that fateful Friday morning, he laid down the law to his fellow European leaders and said, "You won't be able to use the buildings." So can he now tell us whether the buildings of the European institutions will be used? Apparently, the answer to that is yes, too. On the European Court, the Commission and the buildings, the phantom veto of December is now exposed.

What does the Prime Minister cling to? What did he say at the press conference yesterday? He said:

"There isn't an EU treaty because I vetoed it; it doesn't exist."

The agreement involves the European Court of Justice, the European Commission, the European buildings, 25 out of 27 countries, and he says that it is not really a treaty. *[Interruption.]* Here is the treaty. It talks like a European treaty, it walks like a European treaty—it is a European treaty.

For Britain, the Prime Minister has secured no protections at all. He says that he has secured protections about discussions on the single market, but the treaty says that the contracting parties shall take actions in the following areas:

"Fostering competitiveness. Promoting employment. Reinforcing financial stability."

It sounds like the single market to me. Can he confirm that the United Kingdom will not even have observer status at the regular meetings of the 25 to find out what is going on and whether the single market is being discussed? The Prime Minister needs to answer the question: who will protect the British national interest at those meetings? I think his Back Benchers will be interested in that. *[Interruption.]* It is all right, Mr Speaker, Britain will not be represented at those meetings, but the Prime Minister has a last line of defence—the European Commission. You could not make it up: the Prime Minister reduced to relying on the people he calls "the bureaucrats from Brussels" to represent him at the meetings. In the Prime Minister's topsy turvy world, that is all he has left: his thin blue line against the 25 countries exceeding their mandate.

Instead of ending up in that position, the Prime Minister should not have walked out of the meeting in December. *[Interruption.]* No, he should not. *[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the Leader of the Opposition. I exhorted the Opposition Benches to some calm; I now do so to the Government Benches. I say to the hon. Member for Shrewsbury and Atcham (Daniel Kawczynski) in the nicest, kindest and most public-spirited way possible that if he insists on gesticulating, which he should not, it is pretty silly to do it when he is standing next to me.

Edward Miliband: Instead of constructing phantom vetoes, the Prime Minister should have been getting a solution to the problems of the eurozone—our largest export market. Of course, he cannot do that. He is committed to failing austerity at home, so he cannot oppose collective austerity abroad. There are growing fears that the scale of austerity required under the treaty will not work. Will the Prime Minister therefore tell us whether the economic strategy in the fiscal compact will work? If he does not believe that it will work, why is he not arguing for change?

The summit has been bad for Britain. There is still no solution to the problems of growth in Europe. In the cold light of day, the Prime Minister's veto that never was has been exposed. He made a grand promise, which turned out to be worthless. No wonder that even his Back Benchers say that they cannot believe a word he says.

Britain stands with less influence than we have had for a generation. It is bad for business, bad for jobs and bad for families. Britain deserves better.

The Prime Minister: I tell you what: I will deal with my Back Benchers, you deal with yours. *[Interruption.]*

Mr Speaker: Order. Mr Ellis, you were apologising to me yesterday for losing your cool. You should not be a recidivist. I want to hear the Prime Minister even if you do not.

The Prime Minister: Thank you, Mr Speaker.

Let me say to the Leader of the Opposition that there are two problems with the approach he is taking. The first is that he cannot actually tell us whether he is in favour of this treaty or against it. The Government are clear: we are not signing it and we do not agree with it. That is why we vetoed it being within the EU treaties. That is our position. What is his position? He has had all of his Christmas to make up his mind about whether he would sign the treaty or not.

Last night—*[Interruption.]* This is very important, so let me explain. Last night at the meeting of the European Council, every European country had to say whether it would sign up to the treaty or not. Britain and the Czech Republic said we would not. Everyone has to make a decision, but the right hon. Gentleman cannot do so. He has had 53 days to make up his mind.

The right hon. Gentleman's second problem is that he keeps saying this is an EU treaty, but it is not an EU treaty. There was a treaty of Maastricht, a treaty of Nice, a treaty of Amsterdam and a treaty of Lisbon. On each occasion, the Labour party was in favour. There will be no EU treaty of Brussels because we vetoed it.

The right hon. Gentleman asked specifically what effect this treaty could have on the EU single market. The treaty is clear. Article 2 states:

"The provisions of this Treaty shall apply"

only "insofar"—*[Interruption.]*

Mr Speaker: Order. The House must now calm itself. With all that gesticulation and hand-waving from the shadow Chancellor, I thought he was playing with his cooking utensils—*[Interruption.]* Well, he was pointing somewhere. Like the House and the country, I genuinely want to hear the Prime Minister, as I hope they also wanted to hear the Leader of the Opposition. Let us hear the Prime Minister.

The Prime Minister: Thank you, Mr Speaker. We know why the Opposition Benches are so depleted—Opposition Members have been eating the shadow Chancellor's lasagne and are recovering. The point is absolutely clear in article 2, which states that the provisions

"shall not encroach upon the competences of the Union to act in the area of the economic union."

The fact is that Labour always fails to stand up for Britain. That is what we know. The previous Labour Government gave away the EU rebate. What did they get in return? Nothing. They signed up to the bail-out mechanism. What did they get in return? [Hon. Members: "Nothing."] They signed up to the social chapter. What did we get for that? [Hon. Members: "Nothing."] The Opposition opposed our referendum lock, and even now they are telling us that Brussels does not have too much power, and that if the Leader of the Opposition were Prime Minister for long enough, he would join the single currency. He has had 53 days to make up his mind whether he wants to sign this treaty or not. As usual, he cannot make up his mind whether he is muddled or weak. The fact is he is both.

Several hon. Members *rose—*

Mr Speaker: Order. There is enormous interest and I am keen to accommodate it. What is required is brevity, of which the right hon. and learned Member for North East Fife (Sir Menzies Campbell) is a past master.

Sir Menzies Campbell (North East Fife) (LD): We will see whether your prediction is justified, Mr Speaker.

I begin by praising the pragmatism of the Prime Minister, although I confess to being somewhat surprised that my support for it is not shared throughout the Government Benches. It is especially welcome that he pursued over the weekend a policy of re-engagement with our European partners, which is essential to his long-term objectives of the promotion of growth and the extension of the single market.

The Prime Minister: My right hon. and learned Friend is entirely right. We must ask a simple question: what is in the interests of the UK? It is in our interests to let the eurozone get on with the job of sorting out its problems, and to ensure that this new treaty is restricted to the issues of fiscal union. It is therefore in our interests to use leverage over the institutions and the legal issues to keep them focused on fiscal union. That is the approach we have taken and it is entirely right.

Mr Jack Straw (Blackburn) (Lab): Every single article bar one of the treaty, which I have read, refers to institutions of the European Union, including the Commission and the Court of Justice. Leaving aside its form, how can the Prime Minister possibly say that, in substance, the treaty is not equivalent to a European Union treaty? Given the provisions of article 12—it provides for non-euro contracting parties to participate in discussions on competitiveness, but not those outside the treaty—what has been achieved by his veto except that we are outside the door?

The Prime Minister: It is not an EU treaty, because it does not amend EU law; it is not a treaty within all of the treaties of the EU, and that is very important, because it would have been wrong to sign up for that without the safeguards for the single market, financial services and the other things that I set out. Let me just explain how important article 2 is in this agreement of the other countries. Let me read it in full:

"The provisions of this Treaty shall apply insofar as they are compatible with the Treaties on which the Union is founded and with European Union law. They shall not encroach upon the competences of the Union to act in the area of the economic union"—

that is, this treaty is outside EU law. Why is it outside EU law? It is because I made it outside EU law.

Mr William Cash (Stone) (Con): My right hon. Friend will know that the European Scrutiny Committee is making an inquiry into the nature and lawfulness of the agreement otherwise known as this non-EU treaty. Will he accept that the problem we have in European policy making is that it is on a slippery slope towards a more coercive, more federal and less democratic Europe? Will

he give us his assurance that never, while he is Prime Minister, will we fold this non-EU treaty into the treaties as a whole?

The Prime Minister: To answer my hon. Friend's second question first, obviously this treaty cannot be folded back into the EU without the agreement of every EU member state. We did not sign this treaty, because we did not get the safeguards that we wanted, and that position absolutely remains. My hon. Friend is right to make the point about the danger of a slippery slope that can be created by signing EU treaties and the use of the EU institutions. The whole point is that because this is not an EU treaty—because it is outside EU law—we are not in danger of that happening.

Chris Bryant (Rhondda) (Lab): So, basically, the Prime Minister was afraid that if he went to the European Court of Justice and asked the European Court of Justice whether the European Court of Justice should have power to adjudicate on the so-called non-EU treaty, he would lose? That is basically the sum and total of it, is it not?

The Prime Minister: Let me explain again, because I know the hon. Gentleman takes great interest in European affairs. The point is that it is in our interest that these eurozone countries get on with the job they need to do. It is absolutely important that they stick to the fiscal union and do not encroach on the single market. Clearly, there are uses for the institutions they have set out in this treaty, some of which are legal under existing EU law and some of which are highly questionable. We are going to use that leverage and that legal position to make them stick to the position of sticking to the fiscal union. That is the most sensible thing to do, and I would have thought that, with all his experience in European politics, he understood that.

Richard Ottaway (Croydon South) (Con): May I welcome the Prime Minister's confirmation that there is no provision in the treaty that allows the single market to be undermined? However, he will be aware that the President of France has been driven to impose a financial transaction tax on France alone. Does he agree that the dismay with which that was met by the financial services sector in Paris illustrates exactly why such a tax is a bad idea?

The Prime Minister: One does not need to look any further than the European Commission itself, which actually carried out an investigation into a financial transactions tax and found that it could cost 500,000 jobs in the European Union. That is why the whole idea of pursuing this at the moment is completely wrong. Of course, it would be different if the whole world was going to accept a financial transactions tax, but that is extremely unlikely to happen. That is why I do not think it is the right approach. But let us be clear: in this country, we do get our financial services to make a proper contribution. For instance, we have stamp duty on share transactions, which actually raises considerably more than the French are planning to raise with their early foray into this area.

Mr Denis MacShane (Rotherham) (Lab): Will the Prime Minister confirm what I think the Chancellor has said over the past couple of days, which is that when more money is required by the IMF, Britain will not fall short?

The Prime Minister: The Chancellor said that we are founder members of the IMF and strong supporters of it as an institution, but that the IMF must always lend to countries, not currencies; that we would not be part of an EU bail-out fund; that we would take part only if other countries came forward too; and that that would happen only after eurozone countries and eurozone institutions had done what they needed to do to stand up and support their currency. That is the position, and I think that it is right.

Mr Bernard Jenkin (Harwich and North Essex) (Con): Will the Prime Minister say something about the nature of the EU of which we are now a member, given that a subset of member states can bypass a veto and hijack the institutions for their own purposes without the consent of the dissenting member states? He is entirely right to maintain a reservation to ensure that that does not happen.

The Prime Minister: The point is that, as my hon. Friend knows, there are organisations within the EU, such as the eurozone group and the Schengen group, of which we are not a part, that use the European institutions. The fact is that this treaty is outside the EU treaties, which gives us that extra protection. Furthermore, we have the ability to exercise leverage to ensure that they stick to fiscal union, rather than getting into the single market, which is what we want to protect. That is absolutely important and the approach that we should take.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): The Greek writer Aristophanes gave us the concept of cloud cuckoo land. I wonder whether some European leaders visited that mythical country on Monday. Will the Prime Minister tell us how on earth he thinks that a country such as Greece will regain competitiveness if it cannot devalue, which it cannot do within the euro?

The Prime Minister: The hon. Lady makes a serious point. I have read the agreement that these countries have come to, and I completely understand the need for fiscal discipline within the eurozone. Clearly, we cannot have countries building up excessive deficits year after year, and one can understand the concern of Germany and other northern countries, but on the text of the treaty, it is actually very concerning that some countries will struggle to meet it. Of course, Europe needs not only arrangements for fiscal discipline but, above all, arrangements for additional competitiveness, for opening up markets and for getting economies growing. That was the subject of the first half of the EU meeting, in which we were major participants, and we are very much driving that agenda to help Greece, Spain and other countries in the south of Europe.

Mr Andrew Tyrie (Chichester) (Con): The eurozone crisis has now become a major global risk, but the member countries seem wholly incapable of addressing it and its root causes properly. Will the need for IMF intervention and direction of the crisis be discussed at the G20 summit that the Prime Minister will be attending on 25 February, and was it discussed at the summit from which he has just come?

The Prime Minister: There was not a discussion about IMF resources at the informal EU Council. To be fair to eurozone members, what they need to do is difficult for countries to do: they need to contribute huge amounts of money to a firewall to prevent contagion; they need to put capital into their banks to strengthen them at this time of stress; and they have to give up large areas of sovereignty to make sense of the eurozone. Those are all reasons we stayed out of the eurozone, and why I believe that we should not join the single currency. It is only fair, however, to explain that they have taken quite a few steps down that road. The argument that I made in Davos was that, as well as the short-term things that they need to do, they need a set-up that makes sense for the long term of the eurozone.

Mike Gapes (Ilford South) (Lab/Co-op): The Prime Minister said that he will watch closely and, if necessary, take action, including legal action, if our national interests are threatened by the treaty. Will that legal action be taken through the European Court of Justice, and how does that marry with his next statement that EU institutions should only act with the explicit authorisation of all member states? Will not other states refuse to allow that?

The Prime Minister: I do not think that the hon. Gentleman understands how these institutions work. The point is simple: it is clearly in our national interests to maintain the single market at the level of the 27 to make it work for us. As long as this treaty stays out of that area, and instead focuses on fiscal union and discusses the things that the hon. Member for Birmingham, Edgbaston (Ms Stuart) mentioned, it will not be a problem for Britain. If it encroaches on our national interests, however, we will have the ability to take action and the case to do so.

Simon Hughes (Bermondsey and Old Southwark) (LD): After what was clearly a much more successful and satisfactory summit than the one in December—the Prime Minister came back with clear EU commitments to democracy around the world, and to the single market and the extra jobs that it can sustain, particularly in the energy industry at home—will he agree that his constituents, like mine, want the Government to concentrate, as Europe appears to be united in doing, on jobs, growth, training and skills, instead of obsessing about constitutional and treaty niceties? Those are not important.

The Prime Minister: I think the right hon. Gentleman is entirely right, and the refreshing thing about this Council is how much time was spent on the nitty-gritty of the single market—on digital, on services, on education and on energy markets. Having Mario Monti, the new Greek Prime Minister and others there with a real focus on the single market, including the new Spanish Prime Minister, gives us a much better prospect for making progress on this agenda than we have had for many years.

Mr Dennis Skinner (Bolsover) (Lab): Is not the truth of the matter that throughout 2011 the Prime Minister marched his troops to the top of the anti-European hill, and now, like John Major before him, and with the help of the Deputy Prime Minister, he has marched them down again? I think there is a word for it: it is called appeasement. If this meeting had been held in Munich, the Prime Minister would have been coming back waving a piece of paper.

The Prime Minister: I always wonder whether practice is going to make perfect with the hon. Gentleman. At least he has been consistent: he has always voted against all EU treaties, and I am giving him the rare pleasure of not having an EU treaty to vote against.

Harriett Baldwin (West Worcestershire) (Con): The Prime Minister has referred to the five European countries that are now less competitive than Iran. On competitiveness, his announcement today is welcome, but how quickly will those steps be taken to increase the competitiveness of the single market?

The Prime Minister: My hon. Friend is entirely right to raise the issue in this way. We have tended in the past in the European Union to sign up to Council conclusions or informal statements, like the one agreed late last night, that are full of good words about taking such steps but do not contain enough concrete dates. The difference last night is that dates have started to appear for when specific things should be done, whether it be completing EU free trade arrangements with other countries or completing deregulation or single market programmes. That is very welcome.

Keith Vaz (Leicester East) (Lab): The position taken on Iran at the summit was clearly the right one. However, as the Prime Minister knows, there are 73,000 Iranians living in London. What provisions have been made to nominate a third country, so that British Iranians can go to visit Tehran, and their friends and relatives can come and visit here?

The Prime Minister: The right hon. Gentleman asks an important question. Perhaps I can write to him about that. What I would say is that, in a move that may have surprised some people, the EU has been decisive—for instance, in creating the oil embargo when some members of the EU have been quite reliant on Iranian oil, which is a real step forward. However, on the issue of third countries and travel, perhaps I can write to the right hon. Gentleman.

David T. C. Davies (Monmouth) (Con): We have learned today that in Britain's national interest the Prime Minister is prepared to use a veto to allow national agreements and to rule out for ever Britain's membership of the euro. Does he or anyone else in this room have any idea what the Leader of the Opposition stands for?

The Prime Minister: It is going to be interesting. We are now going to have a period of days when the Leader of the Opposition is finally going to have to get off the fence and tell us: would he sign up to this treaty or not? The treaty is right here—I can give him a copy. It is a treaty that we will not be signing; he now has to make up his mind whether he is going to sign it or not.

Kate Hoey (Vauxhall) (Lab): How does the Prime Minister feel about attending a European Council of a supposedly democratic EU when the leaders of two of the countries not only have not been elected, but were

more or less imposed by the bureaucracy in Brussels? Does he not feel seriously that we are moving more and more away from a democratic Europe, and that this is why the people of this country, ultimately, will have to decide on our future?

The Prime Minister: The difference between the situation in this country, where we face great economic challenges, and countries in the eurozone is that we have been able to adopt a policy stance that, yes, combines a very tight fiscal policy with difficult public spending reductions, but can also be accompanied by a loose monetary policy, with the Bank of England standing behind the economy. The problem for many eurozone countries is that they do not have that policy mix. That is making life difficult for them, and I fully understand that. They want to stay in the euro; they want to make the euro work. Whatever our private views about the euro, we should do what we can to help them get on with the job of sorting out the single currency and its arrangements, because it is currently having such a bad effect on our economy.

Andrea Leadsom (South Northamptonshire) (Con): Can the Prime Minister reassure the House that in exercising his veto, exhorting the eurozone to sort out its financial crisis and promoting growth through the single market, he is acting in Britain's national interests? Does he also share my concern that the Leader of the Opposition does not seem to know where Britain's interests lie?

The Prime Minister: My hon. Friend is right. At the end of the day, we have to decide whether we are going to agree to this treaty or not. The fact is that every European country had to make that decision, and we have made ours. I repeat that it is in our national interest for the eurozone to deal with its problems, to keep this treaty focused on fiscal union and then to maximise the potential of the single market. I think that Britain should be relaxed about being in those parts of Europe where we want action—just as we are a leading member of NATO, and just as we led that action in Libya—but that we should quite happily stay out of areas that we do not feel are in our interests, such as the Schengen no-borders agreement or the euro.

Mr Ben Bradshaw (Exeter) (Lab): Given that Germany grew 3% last year, and has its lowest unemployment for 20 years and more manufacturing and a smaller pay gap than Britain, why is the Prime Minister so against the practice of worker representation on company boards?

The Prime Minister: One of the points about Germany is that it did not spend the last decade making its economy unbalanced with a massive boom and a massive bust. The right hon. Gentleman is right to raise the IMF forecasts, however, because they are very instructive about what is happening in Europe this year. They are actually forecasting higher growth for Britain than for almost any other country in the European Union, but they have made very chilling forecasts for countries such as Spain and Italy, for which they are forecasting quite a steep decline.

Mark Reckless (Rochester and Strood) (Con): Will the Prime Minister explain what it is that he has vetoed?

The Prime Minister: I have vetoed Britain's involvement in a treaty. As a result, it is not an EU treaty. We had in front of this House the Maastricht EU treaty and the Lisbon EU treaty; we had Amsterdam and we had Nice. All of those were treaties that Britain was involved in as a member of the EU, and they were EU treaties with the full force of the law. This is not like that; this is outside the European Union. It is an arrangement that has been reached by 25 other countries and we are not involved. As a result, we have safeguarded Britain's interests, which could have been put at risk by a new EU treaty.

Mr Nigel Dodds (Belfast North) (DUP): What indications did the Prime Minister receive from the German Government that if they want their political project of fiscal and monetary union in the eurozone to succeed, they will finally have to face the sad fact that they will have to put in the necessary resources, rather than just imposing greater austerity on countries that have been steadily stripped of their democracy?

The Prime Minister: I tried to set out what I think is the sensible view in my speech to the Davos summit. Look, I do understand the German concern. It sees countries across Europe that have run up huge debts and huge deficits, putting at risk the stability of the single currency. It does not want that to happen again, so it wants these assurances for the future. Just as everyone needs to understand the German position, however, we also need to show some understanding of those countries that are going to struggle in the years ahead. They are going to need extra help and assistance, and there is going to have to be solidarity across the eurozone, because the single currency requires that, as I explained in my Davos speech. We manage a single currency across the United Kingdom because we show solidarity with different areas of the country, and the eurozone has to understand that similar solidarity will be required there, to make the single currency work in the long run.

Mr Robert Buckland (South Swindon) (Con): I was encouraged to see reference in the communiqué to this year being a decisive year for free trade agreements. Will my right hon. Friend do all that he can to move ahead with the free trade agreement with Japan, which is vital to large parts of our motor manufacturing industry?

The Prime Minister: I will certainly do that. I have discussed this issue with the Japanese Prime Minister and with the European Union. One of the issues with Japan is non-tariff barriers, in regard to the access to Japanese markets that British goods and services want. There is a particular advantage for us, in an economy with such a high level of services and branded goods, in ensuring that we really secure progress on the free trade agreement, not only with Japan but with India. The Indian economy is fairly closed off to services, and we want to see it opened up.

Sir Stuart Bell (Middlesbrough) (Lab): The Prime Minister has talked about competitiveness, growth and jobs, but he skated over the fiscal compact and its fiscal consolidation, which could have a severe effect on jobs and growth. Further to the question from my right hon. Friend the Member for Blackburn (Mr Straw), and given that the Prime Minister thinks the eurozone is so important to us, what influence does he think he can bring to bear, as he is not part of the 25?

The Prime Minister: The hon. Gentleman seems to be having his cake and eating it. On the one hand, he says that the treaty is tough in terms of fiscal discipline and consolidation, while on the other hand he is worried about the fact that we have not signed it and are not subject to it. I think it is right for this country to take measures to consolidate our fiscal position. These are difficult measures, but we can at least look the British people in the eye and say we are doing it for our own benefit and our own good. We are not doing it because we are instructed by some foreign body to get our budget under control; we are doing it in our own national interest.

Mr Richard Shepherd (Aldridge-Brownhills) (Con): The Prime Minister will well remember that nearly 20 years ago, the United Kingdom, Italy, Spain and the Irish Republic left the exchange rate mechanism—the precursor of the euro. There was an exit strategy. Now the crisis facing Europe seems to be one of solvency in some of these countries, there is no exit strategy and it appears that there is no money. Will the Prime Minister reassure the British public that no funds will be given to the IMF and that we will give no more money to the European Union?

The Prime Minister: I obviously remember very well the exchange rate mechanism experience. Indeed, it is that experience that makes me so passionate about not joining the single currency or the euro—because it is so difficult to exit from it if it does suit our needs or our arrangements. I believe that Britain is a big enough economy to have its own interest rates and its own monetary policy to suit our needs. My hon. Friend asks for guarantees. What we have done is already to have got out of the bail-out mechanism to which the last Government signed us up and, as I clarified a few moments ago, we have set out very clearly our conditions to the IMF.

Barry Gardiner (Brent North) (Lab): The Prime Minister says that his veto has left the European Commission in the room to protect against encroachment on single market issues and competitiveness. Will he remind us of the name of the noble baroness who represents the UK on that Commission and of which party will therefore represent Britain's last line of defence?

The Prime Minister: The point the hon. Gentleman has clearly not understood is that the treaty itself sets out that the treaty cannot be used to encroach on the single market; it is there in black and white. As I have said, if that is not the case we have the ability to take action, including legal action, to protect our national interest.

Sarah Newton (Truro and Falmouth) (Con): My constituents really appreciate the Prime Minister's straight talking on this issue, so will he answer the question that they want answering: if asked, will the Prime Minister stump up more money for Greece?

The Prime Minister: Our answer is very clear. We were not involved in the Greek bail-out, and we will not be involved in European bail-outs of Greece. We have got out of the EU mechanism that the last Government got us into, and we have set out our conditions on the IMF very clearly.

Kelvin Hopkins (Luton North) (Lab): In the last few days, the Greek Government have said that they refuse to have their economic governance taken over by the European Union. Does the Prime Minister support the Greeks in that, and if so, will he say so here and now?

The Prime Minister: The only way I can answer that question is to say that the Greeks have to decide themselves whether they want to stay in the euro. If they do, they have clearly got to meet some pretty exacting targets for reducing Government deficit, reducing Government debt and accepting a very austere approach. If Greece wants to stay in the euro, those are the conditions it will have to meet. I am not Greek; I am British. We have made our decision to stay out of the euro; this is their decision, and we should not tell them what to do.

Nicholas Soames (Mid Sussex) (Con): It is clear that the Prime Minister has considerable support within Europe in seeking a more adaptable, flexible and competitive economy. Will he reassure businesses in my constituency and elsewhere that the casting of the veto will have done nothing to prevent his ability to drive forward that agenda in Europe?

The Prime Minister: What last night's meeting proved is that there is a very strong and growing consensus for action around the European Council table on issues of competitiveness. British Ministers—and, to be fair to Labour, British Ministers for the last 20 years—have been going to Europe arguing for completing the single market, deregulation, lifting the burdens on business and all those issues, and we have always had strong supporters in the northern liberal countries, as it were, but we have come unstuck when it comes to other countries. I think we now see—partly because the centre right is in power in so much of Europe—really strong support for that sort of agenda, and we can certainly drive it forward.

Stewart Hosie (Dundee East) (SNP): The Joint Ministerial Committee memorandum of understanding on EU policy says that Ministers and officials from all the devolved Administrations should be involved in discussion with the UK Government on the formulation of UK policy. What discussions did the Prime Minister or his officials have with Edinburgh, Cardiff and Belfast before the European Council meeting?

The Prime Minister: As the hon. Gentleman knows, there are arrangements for these things. Actually, the Government have been very generous in ensuring that the Scottish Administration have been fully involved in, for instance, fishing quota negotiations. However, I thought that the hon. Gentleman wanted to leave the UK altogether. If that is the case, he will have to seek access to the European Union, and seek access to joining the euro as well. I think that he ought to read the treaty and work out whether he wants to sign it. Perhaps when he has made up his mind he will be able to tell the Labour leader what to do.

Mr Edward Leigh (Gainsborough) (Con): The Prime Minister said this afternoon that, if necessary, we would take legal action. What would trigger that legal action? Is not the problem for the majority the fact that if they stretch the European institutions to achieve greater compliance, the minority may be tempted to stretch them to achieve greater independence?

The Prime Minister: I think that the conditions are very straightforward. As I have said, we want those institutions to sort out the problems of the European Union, and we want them to stick to fiscal union and not go into single market issues. If they were to go into single market issues and threaten Britain's national interests, of course we would act. That seems to me to be a much more sensible approach than taking an alternative path, because all the while we shall be maintaining some leverage over this organisation, outside the European Union, to ensure that it sticks to the job that it is meant to do.

Nic Dakin (Scunthorpe) (Lab): What, in terms of content, is not in the EU treaty as a result of the Prime Minister's not signing it?

The Prime Minister: I do not know whether the hon. Gentleman has spotted this yet, but there is not an EU treaty.

Mr John Baron (Basildon and Billericay) (Con): The Prime Minister will be aware that the latest report on Iran by the International Atomic Energy Authority contains no smoking gun whatsoever. Given that the sabre-rattling and sanctions from the west have served only to strengthen the position of the hardliners, and—as is illustrated by the fact that Iran is thinking of bringing forward the deadline for the oil embargo—have failed to date, is this not the time for a fresh approach, which should include ruling out the option of force?

The Prime Minister: I listened carefully to my hon. Friend's question, and indeed I listened to him carefully when he made the same case on the radio this morning, I do not read the IAEA report in the same way as he does, and I do not altogether trust Iran's motives in this area, but the easiest way for Iran to settle the issue is to open up and show everyone just what it is doing. If it is only pursuing nuclear power and is not pursuing nuclear weaponry, the world will be able to move on, but until those assurances are given, the world will not be able to move on. That is the reason for the tough action that we are taking, which shows that there are alternatives to military force. We want to ensure that we maximise the use of all those options before considering anything else.

Mr Wayne David (Caerphilly) (Lab): Will the Prime Minister explain the difference between a veto and an opt-out?

The Prime Minister: There is a very important difference. Let us consider what happened with Maastricht, for instance. There was a European Union treaty to which Britain was a full signatory. We opted out of certain parts of it, but we were still subject to a huge amount of additional EU law. That is why there were so many agonised debates in the House about whether it was a good thing or a bad thing. The same can be said of all EU treaties. The difference in this case is that there is no EU treaty. We are not going to put something in front of the House, and nothing will be voted on, so it will not affect the UK.

Steve Baker (Wycombe) (Con): May I draw my right hon. Friend's attention to the initiative for a free and prosperous Europe which was launched yesterday with the support of think-tanks and non-governmental organisations across the continent? In a nutshell, it asked the EU to stop centralising power, and instead to build prosperity on liberty and responsibility. There is an appetite throughout Europe for the kind of policies that my right hon. Friend's Government are advocating. Does he share my hope that the leaders of the European nations may abandon their outdated ideology of centralisation and follow him instead?

The Prime Minister: I am grateful to my hon. Friend for his comments, and I will certainly look at the report he mentions. We in this House must understand that 17 members of the European Union have opted for a single currency—that was the big moment, when different parts of Europe chose to take a slightly different path—and even in spite of the difficulties, those member states are fully committed to trying to make it work. We have to respect the view they have taken and allow them to go on and do some of the things that can make sense of the eurozone. It is not the choice that we are making; we are making a different choice. We want a competitive Europe, we want a trading Europe, we want an open Europe, but we do not want a more centralised Europe, and not signing this treaty—not having an EU treaty—helps us down that path.

Jeremy Corbyn (Islington North) (Lab): When the Ministers discussed the situation in Iran, was any concern expressed about the bombings and assassinations currently taking place and the military build-up in the area, which clearly leads to much greater tension? Will the Prime Minister think again about the suggestion of the hon. Member for Basildon and Billericay (Mr Baron) that there should be a renewed diplomatic initiative by either Britain or the European Union to try to build relations with all the power structures in Iran, rather than head down this very dangerous road towards a war?

The Prime Minister: I am afraid I do not agree with the hon. Gentleman for this—reasonable, I hope—reason: Iran has been offered a normal diplomatic relationship. Indeed, it was offered many times by the right hon. Member for Blackburn (Mr Straw) when he was Foreign Secretary. The fact is that that did not move Iran off the path of trying to acquire all it needs for nuclear weapons. So I think the path of sanctions, travel bans and asset freezes, and all the tough measures we are taking right across the EU, is the right path. It is the right alternative to the alternatives that I think the hon. Gentleman does not welcome, and hopefully it will make the Iranian regime change its strategy.

Mrs Anne Main (St Albans) (Con): In December, the Minister for Europe said in response to my right hon. Friend the Member for Wokingham (Mr Redwood) that

"we understand why those countries want to use the institutions, but it is new territory and raises important issues that we will need to explore with our colleagues in those other European countries."—[*Official Report*, 13 December 2011; Vol. 537, c. 718.]

Further, today my right hon. Friend the Prime Minister has said there are legal implications as a result of the discussions he has had. Does he share my concern that by invoking the institutions we may well end up in a Jarndyce *v.* Jarndyce-type legal squabble with the European Court of Justice that will not go in our favour?

The Prime Minister: That is not my concern; instead, my concern is that although there are uses of the EU institutions that are already sanctioned by existing treaties and to which we could not possibly object, this agreement between the 25 countries goes further than that and raises legal concerns. So we are right to raise them and use the leverage to try to keep this new organisation on the straight and narrow path of fiscal union rather than moving over into the single currency. I do not really fear what my hon. Friend says, because of course people can take cases about what has been signed to the European Court, but that is not going to drag Britain into a treaty that we are not part of. That is another advantage of not having signed the treaty.

Graham Stringer (Blackley and Broughton) (Lab): The Prime Minister was right to veto the treaty because it was against this country's interests. The agreement arrived at between the 25 countries is fundamentally deflationary and will not lead to growth—it will lead to mass unemployment across Europe—and is also against this country's interests. Rather than reneging on his original commitment to stop the 25 using European institutions, should not the Prime Minister now be using all the power of his office to stop them?

The Prime Minister: I am grateful to the hon. Gentleman, as at least we have at last got a clear Labour view. Clearly he, like me, would not have signed the treaty and thinks Britain is better off outside the treaty. Is that the Labour position? The Leader of the Opposition can just nod. That is not much to ask for. They have had 53 days to make up their minds. There are three options: yes, no or "I don't know because I'm weak and indecisive."

Jessica Lee (Erewash) (Con): I welcome the reduction in regulation on small and medium-sized enterprises set out in the statement. Will my right hon. Friend reassure the constituents of Erewash that the priority throughout negotiations is the protection of jobs and businesses in Britain?

The Prime Minister: That is absolutely our priority. The more we can get the single market to work, the better it will be for British jobs, including in Derbyshire. There is an important agenda here, and it is not just about getting the European Commission and European Union to do things in terms of completing the single market. It is also, sometimes, about trying to get them not to do things—it is about rolling back some of the bureaucracy that has been placed on business that can cost jobs and mean extra regulation.

Mr William Bain (Glasgow North East) (Lab): Figures released by the EU today reveal that one in 10 people in the EU is out of work, including 16 million people within the eurozone. Why has the Prime Minister not been more vocal about an increased role for the European Central Bank, including the use of eurobonds to help restore confidence to the markets and increase growth?

The Prime Minister: I always think it is the first sign of madness for a politician to say, "Please go and read one of my speeches," but on this occasion I will make an exception. If the hon. Gentleman reads my speech at the Davos summit, he will see that that is exactly what I said.

Chris Bryant: So, you're mad?

The Prime Minister: Thank you very much—you are so charitable.

On unemployment, the hon. Member for Glasgow North East (Mr Bain) is absolutely right. There was a very good and strong discussion in the European Council and it is really worth looking in particular at examples of countries that have lower youth unemployment than Britain—there are many with higher youth unemployment—to see what lessons we can learn from them.

Dr Julian Lewis (New Forest East) (Con): Does the Prime Minister agree that the question of European bail-outs would be much less likely to arise if different countries with different economies had different currencies? Will he therefore recommend this tried-and-tested model for the eurozone countries?

The Prime Minister: We have a very strong view in this country that we should keep our own currency, but that does not let us off the need for fiscal discipline, proper monetary policy and keeping inflation under control. It is not a free lunch or a free ride. We have to take tough decisions, but clearly we have to show some respect for the 17 eurozone countries that want to make the euro work. It is no good wishing away what is there. The responsible thing to do is not to stand in their way when they are trying to put out the fire in their own house, but to ensure that they do so in a way that does not threaten our national interests. That is exactly what I have done.

Bill Esterson (Sefton Central) (Lab): I still do not know whether the Prime Minister thinks that he did not sign a treaty or just an agreement. Is not his real failure his commitment to austerity and his lack of a plan for jobs and growth either in the EU or in the UK?

The Prime Minister: In Europe, we have a plan for jobs and growth, which is called completing the single market. The question that the hon. Gentleman and his leader have to answer is about the new treaty being proposed, which 25 countries are going to sign and Britain is not. *[Interruption.]* I do not care how bad the lasagne is, at some stage the shadow Chancellor and the Leader of the Opposition are going to have to make up their minds. Are they for it, are they against it, or are they weak and indecisive and cannot make up their minds?

George Eustice (Camborne and Redruth) (Con): Like many others, I welcome the commitment to cut the burden of regulation, but does the Prime Minister agree that there could be potential to revisit the way in which directives were transcribed into UK law by the previous Labour Government, with a view to removing some of the gold-plating that businesses complain about so much?

The Prime Minister: My hon. Friend makes a very good point. There have been occasions on which EU directives have been added to by Government Departments and implemented with more vigour than in other parts of the European Union. We have tried to put a stop to that under this Government.

Chris Bryant: Name one.

The Prime Minister: Horse passports—that was a good one. I do not think we eat horses in this country, but the previous Government, in their wisdom, decided that every one needed a passport. That is just one example. In future we can ensure that we do only what is absolutely necessary, rather than gold-plating.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): Will the Prime Minister share with the House and the country what influence, if any, his Back-Bench Eurosceptics have had on his thinking during these discussions?

The Prime Minister: I think the Conservative party is entirely united in thinking that Britain is not right to sign this treaty.

Penny Mordaunt (Portsmouth North) (Con): I congratulate the Prime Minister on defending Britain's interests, and I note what he says about Iran and Syria. Does he think that if we had a common EU defence policy, HMS Dauntless would now be readying to sail to the south Atlantic?

The Prime Minister: The point is this: we should make sure that NATO is the cornerstone of our defence and we should be very clear about our own defence responsibilities—I have spoken about the Falklands. We need to win the argument in Europe that there is no point in having endless competing defence headquarters. What we need throughout NATO, particularly in Europe, is greater defence capacity, and we need to encourage other European partners to invest in that.

Jonathan Ashworth (Leicester South) (Lab): Will the Prime Minister explain how he will take action, as he says, if this non-EU treaty under which the 25 nations can take advantage of the full force of the EU institutions, encroached on our national interest and undermined the single market?

The Prime Minister: Let me explain: there are uses of the EU institutions set out in previous treaties—mostly put through this House by the Labour Government—but this treaty outside the EU goes further than that, and that raises legal issues. We have said very clearly, including in the EU Council last night, that if that were to encroach on the single market and threaten this country's national interest, we could take action, including legal action.

Tony Baldry (Banbury) (Con): The UK is fortunate in having many excellent professional bodies—engineers, architects, surveyors, lawyers and so forth—but often they find it difficult to practise within the European Union because of a host of national barriers to professional practice. In the context of the single market, improving competitiveness and creating jobs, has the Council taken steps to remove some of those national barriers to professions being able to practise throughout the EU?

The Prime Minister: My hon. Friend is entirely right to raise that big gap in the single market. We passed the Single European Act all those years ago—more than 20 years ago—yet the professions and services have still not been properly opened up. The action we are taking is for all Governments to agree to open up those professions, and on this occasion the European Court of Justice may actually be helpful in that the Commission is taking infraction proceedings against a number of member states—Germany included, I think—to make sure that they genuinely open up their professions and complete the single market.

Ben Gummer (Ipswich) (Con): On the radio today, the shadow Foreign Secretary claimed that Britain had lost influence in Europe. In the matters of the single market, competitiveness, Iran and Syria, what does the Prime Minister feel was achieved by the British presence at the European Council?

The Prime Minister: The specific foreign policy stances taken by the EU are all agreed by unanimity, which proves that agreement by unanimity is possible if there is political will and drive. Almost the entire approach to Iran and Syria and Burma was something that the British requested be discussed at the Council and we requested that there be a statement. I think that shows that with political will, but with unanimity, it is possible to get a lot done.

Kevin Brennan (Cardiff West) (Lab): Does the Prime Minister realise that the more he denies that this is effectively a European treaty, the more he reminds us of comical Ali denying that an invasion had taken place while the tanks rolled by behind him?

The Prime Minister: The hon. Gentleman is in for a big surprise. When no treaty arrives in the House of Commons, he will have to do a bit of explaining.

Martin Horwood (Cheltenham) (LD): On Iran, did the European summit discuss the planned regional conference on non-proliferation of weapons of mass destruction, and does the Prime Minister agree that it might offer a vital pathway out of an increasingly dangerous stand-off?

The Prime Minister: We did not discuss that specific matter. It is entirely right and worth while to try to bring regional neighbours into the debate, but I have to say that it is some of the regional powers that are the most concerned about Iranian activity, not only in their own countries but in stirring up trouble elsewhere, so it is probably only part of what needs to happen, which is to get the Iranian Government to change their strategic direction.

Mark Durkan (Foyle) (SDLP): The Prime Minister has highlighted a growth test to ensure that all actions at European Union level fully support growth and job creation. This new "I can't believe it's not an EU treaty" will prescribe prolonged and tight austerity for many economies, affecting not only services there but trade and commercial capacity more widely in Europe. Would this non-EU treaty pass any meaningful EU growth test?

The Prime Minister: If the hon. Gentleman is so against the treaty, I am surprised that he is not praising me for making sure that Britain is not involved in it; I would have thought that would be the first thing that he would say. We have to understand that the countries of the eurozone want to take an approach that prescribes rules on debt and deficit. We can all have our own views

[The Prime Minister]

about whether it is the right approach or whether it is too tight, and all the rest of it, but that is what they want to do; I do not think that we should stand in their way as it is done, but it is better done outside the European Union.

Several hon. Members *rose—*

Mr Speaker: Order. There is still a very significant number of colleagues seeking to get in. I would like to try to accommodate as many as I can, but if I am to do so, brevity is essential.

Mr Julian Brazier (Canterbury) (Con): My right hon. Friend the Prime Minister outlined in his speech at the Council several criteria needed for a successful monetary union, none of which have really been met by the changes, however welcome, outlined there, so may I urge him to continue to plan, while doing everything that he can to co-operate constructively, for the likely eventual break-up of the eurozone?

The Prime Minister: We have to plan for all eventualities, but I would make two points. As I have said, I think we have to respect the fact that the countries of the eurozone want to make it work. They have taken quite a number of steps that are painful and difficult for individual sovereign countries to take, and it must be in our interests, because we want the European economy to grow, for them at least to take the short-term measures to take the heat out of the crisis. There were some signs of the crisis easing at the beginning of this year, as Italian and other bond spreads have come down, but we are far from through it.

Mr Christopher Chope (Christchurch) (Con): Will my right hon. Friend expand on the basis on which we were able to find common cause with our good friends in the Czech Republic?

The Prime Minister: The point came when different countries had to decide whether they wanted to sign up to the treaty or not; it is not a treaty within the EU, so there is no compulsion to do so. The Czechs, on 9 December, were not sure whether they wanted to sign it. They then considered whether they wanted to, and last night they decided what to do, as everyone had to; the only person who cannot seem to make a decision is the leader of the Labour party, who has no idea whether he is against it, in favour of it, or does not know. One day, he will have to decide.

Nadhim Zahawi (Stratford-on-Avon) (Con): What message does my right hon. Friend have for the great manufacturers of this country, such as DCS Europe in my constituency, given that President Sarkozy says that Britain does not have much manufacturing left?

The Prime Minister: The point that I would make gently to my friend Nicolas Sarkozy is that, if one looks at the figures, Britain actually has a higher percentage of industry than France does, but we think that we need to rebalance even further; we want to see a growth in manufacturing, technology and aerospace, but we do not believe that we should do that by damaging the financial services industry, which employs many people not just in the City of London, but right across our country.

Andrew Bridgen (North West Leicestershire) (Con): The overwhelming majority of my constituents, and indeed the country, already believe that the European Union has far too much power over the United Kingdom. Does my right hon. Friend agree with that, and if he does, is he as amazed as me that the leader of any political party in this country that claimed to be in touch with public opinion could argue otherwise?

The Prime Minister *rose—*

Edward Miliband: Briefing note N.

The Prime Minister: I think it is briefing note N, and there is plenty in it; it is full. I think the best one in briefing note N is on whether or not the leader of the Labour party would like to join the euro. I know that the House enjoys this, so I might share it one more time: when asked whether he would join the euro, he said,

"It depends how long I'm prime minister for."

This is the one thing that the shadow Chancellor and I, who often disagree, have in common: we are not going to let it happen.

Mr Philip Hollobone (Kettering) (Con): The German Chancellor was on the radio this morning saying that she firmly expected the fiscal union to be inside the EU treaties within five years. What part of the British veto is giving her such hope and encouragement?

The Prime Minister: The point is that the countries that have signed the agreement want to fold it into the EU. That cannot happen without the permission of every country, and those people who say that the veto did not have effect perhaps need to explain why they want to fold the treaty back into the European Union. It seems to me that that is a very powerful point.

Neil Carmichael (Stroud) (Con): I welcome the statement because of its focus on competition, the single market, and energy. It is great that the Prime Minister has demonstrated British leadership in those fields, and he has added useful advice to the discussions, but will he ensure that we continue to have dialogue with our European partners? It is absolutely essential that they know and understand where we are coming from and what we can contribute.

The Prime Minister: My hon. Friend is entirely right. As I have said, last night's meeting proved that it is perfectly possible to stay out of parts of agreements that other European countries want to go into, but have real influence on the things we care about, such as the single market.

Margot James (Stourbridge) (Con): I welcome the fact that the agreement places no new obligations on the UK, but is it not the case that the agreement, whatever its merits or disadvantages, should not distract us or our EU partners from the necessary task of ending the barriers in the single market and reducing regulation?

The Prime Minister: My hon. Friend makes an important point. Of course the eurozone countries want to see rules on fiscal discipline, but as I have said many times, it is not just fiscal deficits that have to be addressed, but trade deficits, and that is where the single market agenda can help not only countries such as ours, but theirs too.

Joseph Johnson (Orpington) (Con): I welcome the Prime Minister's commitment to trade deals with fast-growing parts of the world. An ambitious trade deal between the EU and India, which would help us double our trade with India by 2015, has eluded negotiators since 2007. Does he agree that next week's EU-India summit in Delhi should see a clear timetable for the delivery of an ambitious deal as soon as possible?

The Prime Minister: My hon. Friend is entirely right, and I know that he has a lot of experience in this sphere. We are totally committed to trying to get this free trade agreement going. I think that there are real opportunities for both sides. I have mentioned the fact that we want to open up retail and services in banking and insurance in India. Frankly, we will have to do quite a lot of work to convince the Indians that that is in their interests too, but I profoundly believe that it is, as they want to be a rapidly growing success story of the future.

Gavin Barwell (Croydon Central) (Con): I welcome what the Prime Minister said about applying a growth test to everything that the EU does in future. Will he tell my constituents what prospect he thinks there is of applying that test retrospectively to existing EU regulations, which the British Chambers of Commerce says costs business £7.5 billion a year?

The Prime Minister: It is important to try to look at some of the existing stock of regulations, but I think that one of the things that badly needs to be done in Europe is making sure that it is not just when Economic Affairs Ministers get together that we think about growth, but that when Social Affairs Ministers and Environment Ministers get together we think about the potential costs of what they are signing up to. That does not happen at the moment and badly needs to.

Rehman Chishti (Gillingham and Rainham) (Con): I very much welcome the Prime Minister's statement. My question relates to the discussions held on Syria. What action will EU member states take to protect civilians if Russia vetoes any UN Security Council resolution on the matter?

The Prime Minister: My hon. Friend is right to raise this matter. Clearly the Russians have taken a different view up to now and have not supported robust action at the Security Council. My right hon. Friend the Foreign Secretary is trying to build the strongest possible resolution with colleagues at the Security Council and to say to the Russians, "If you go on vetoing or preventing these motions, you will be completely outside not just world public opinion, but the very clearly expressed opinion of the Arab League itself."

Geoffrey Clifton-Brown (The Cotswolds) (Con): Is not my right hon. Friend's strategy of rejecting the fiscal union treaty, which would not be in Britain's economic interests, and at the same time pushing for a free trade agreement with Canada, Japan and India, which has the potential to create thousands of jobs in this country, absolutely the right one?

The Prime Minister: I am grateful to my hon. Friend. I think that Britain is better off outside the eurozone, but clearly we need to get trade going with parts of the world that are growing faster, which is why these trade deals are so important to us.

Andrew Percy (Brigg and Goole) (Con): The good folk of Brigg and Goole are under no illusions about how hopelessly out of touch this House, and the Opposition side in particular, is on the European Union, but they were heartened by the Prime Minister's veto. They are similarly under no illusion about what happens in Europe: it is where assurances are given, but ultimately breached, and a whole new set of proposals come back. What can he say to my constituents to assure them that this will not become another treaty that we end up getting sucked into?

The Prime Minister: We cannot be sucked into this treaty because we are out of it, and we can only go into it if all 27—soon to be 28—EU member states agree. That is the effect of the veto.

Mr Peter Bone (Wellingborough) (Con): I am happy to report that Mrs Bone was singing in the bath yesterday, congratulating the Prime Minister on standing up for British interests and keeping us away from German economic domination of Europe. But she was concerned, because it must be pretty miserable for the Prime Minister to go to Europe when his Deputy Prime Minister forces him to take with him an unelected left-wing Liberal. At the next conference, would it be possible for my right hon. Friend to take a moderate constituent from my constituency—perhaps Mrs Bone?

The Prime Minister: I am just relieved that my hon. Friend did not ask me what happens if I am run over by a bus, which I gather is the question that he has asked everybody else. I have been warming up for that one for some time. To be fair to the Deputy Prime Minister, I do not know whether there is room in the deposition for Mrs Bone, and I would not want to get her out of her bath.

James Morris (Halesowen and Rowley Regis) (Con): I welcome the Council's statement on Iran, but does the Prime Minister agree that the sanctions that the EU has agreed on Iran really need to bite? Iran is in the last chance saloon, so at the European Council what systems and processes were agreed in relation to monitoring the implementation of those sanctions?

The Prime Minister: My hon. Friend is right to raise that issue. The key part of the sanctions is the oil embargo, which is a very big step for European countries to take. There is a time lag before it comes in, but I believe that it does so in July, and it is a big step, because there are countries, such as Italy, Spain and others, that have been very reliant on Iranian crude in the past. It is an important step. Europe has quite a good record of making sure that the sanctions that it imposes are put in place, but I will make sure that that happens.

Mr David Nuttall (Bury North) (Con): My constituents warmly welcome the Prime Minister's determination to protect our interests in Europe. Will he explain how the United Kingdom will, in practical terms, actually be able to prevent those countries that sign up to the fiscal union treaty utilising the European Commission and the European Court of Justice in a way that damages UK interests?

The Prime Minister: The guarantee that they will not damage UK interests is this. First, the treaty itself is clear that it has to be in line with EU law; it cannot override it, and it cannot get into areas such as the single market. Secondly, as I have said in answer to previous questions, if the institutions do things that are not permitted, there can be a challenge, including a legal challenge. But, above all, Britain is protected because, although others are going ahead with this treaty outside the European Union, we are not part of it.

Chris Kelly (Dudley South) (Con): I thank my right hon. Friend for his statement and for bringing greater clarity to Britain's position, because these are complicated issues. My constituents in Dudley South were very grateful for his exercise of the veto last month, but is the ECJ, as an institution of the whole European Union, not now being unjustly used?

The Prime Minister: As I said, in pre-existing treaties there are ways in which the European institutions can be used by groups of member states. That is a fact, and those treaties, as I said, tend to be passed by the Labour party. But, if member states go beyond that, there are real legal issues, and legal issues that I have set out; and, if that were to happen, we would be able to take action to protect our national interest.

Stephen Mosley (City of Chester) (Con): I trust my right hon. Friend the Prime Minister to do what is right for Britain, but I do not necessarily trust his successors. After all, we saw the previous Government give up our hard-fought opt-out from the social chapter and give up our hard-fought budget rebate. What guarantees are there that the UK will not be sucked into this new treaty?

The Prime Minister: One of the best guarantees is the referendum lock, which we have in place in this country, which this House of Commons passed, which the Labour party opposed and which says that, if we propose any passage of power from Westminster to Brussels, there has to be a referendum. That is absolutely key to protecting our interests and to making sure that future Governments cannot give away powers that they should not.

Christopher Pincher (Tamworth) (Con): The Prime Minister has made clear his determination to secure free trade agreements with, among others, India, but will he agree to pursue with equal vigour similar opportunities in the emerging markets of Africa?

The Prime Minister: My hon. Friend makes a very important point. If we look at which continents are going to grow over the next decade, we find that Africa has a very healthy growth rate and that countries such as Nigeria, South Africa, Ghana and others will grow rapidly. We already have very low tariff access from African countries to the European Union, and one thing we ought to try to encourage and look at is a pan-African free trade area, so that more of their trade can take place within Africa and they can have an effective single market, as we do in the European Union.

David Rutley (Macclesfield) (Con): Given that EU regulations account for 70% of the regulatory burden on businesses, will my right hon. Friend tell the House what steps are being taken to exempt micro-businesses from EU legislation?

The Prime Minister: My hon. Friend makes an important point. This is a breakthrough in Europe. We have been arguing for a moratorium on new EU regulations for micro-businesses—those employing fewer than 10 people—and that was agreed to at the European Council. We need to ensure that it is put in place rapidly.

Andrew Selous (South West Bedfordshire) (Con): The Prime Minister is to be congratulated on what he and others achieved with the sanctions on Iran. Will he tell the House whether there have been discussions between the European Union and Asian countries so that Iran cannot sell to Asia the oil that it is now not selling to Europe? Otherwise, we will be back to where we were before.

The Prime Minister: My hon. Friend is right to raise that issue. There are two things that we need to do. First, we must ensure that countries that can increase production, such as Saudi Arabia, sell more oil to the countries in Europe that were reliant on Iranian crude. We then need to persuade Asian countries that might buy Iranian crude not to do the deals that they might otherwise have planned. We need to take action on both fronts.

Dan Byles (North Warwickshire) (Con): I strongly welcome the agreement to reduce regulatory burdens on SMEs and micro-enterprises. Although I do not expect the Prime Minister to give us a list today, will he tell the House when we can expect to see more detail on precisely which regulatory burdens small businesses in my constituency might see reduced and when?

The Prime Minister: The formal European Council on the single market, competitiveness and the economy is in March. This was a special European Council to kick-start progress on the single market. I hope that after the March Council we will have a specific list for my hon. Friend.

Bob Blackman (Harrow East) (Con): I welcome the commitments to bring down trade barriers and encourage trade outside the European Union. Will my right hon. Friend expand on the opportunities that British business will have for increased jobs, trade and commerce throughout the world?

The Prime Minister: This is an important point. In our trade with India and China over the past couple of years, we have seen increases of more than 20%. As there is a difficult situation in European markets, we have to look to the faster-growing markets of the world

to grow our exports. That means great challenges for businesses. They have to get out there and sell. The Government have to get behind them. We need to help by opening up those markets, and particularly by allowing services full access to those markets. That is why the free trade deals are so important.

Robert Halfon (Harlow) (Con): Will my right hon. Friend say whether there were any discussions about the cost of oil and the geopolitical threats that might increase that cost? Will any action be taken by the EU to reduce the cost of oil and thereby reduce the price at the pump for motorists?

The Prime Minister: We did not discuss the cost of oil. As I have said, Saudi Arabian production is an important issue. The completion of the energy single market should help to bring energy prices down, because it will make the energy markets in Europe more efficient and ensure that there is a proper networked energy grid around Europe.

Alun Cairns (Vale of Glamorgan) (Con): More than 1 million people are employed in the financial services sector across the United Kingdom. Does the Prime Minister agree that many of those jobs could have been exposed to a significant degree if he had not used his veto in December and secured the agreement yesterday?

The Prime Minister: It is important to remember that the financial services industry is not just the City of London; it employs 100,000 people in Birmingham and more than 100,000 people in Scotland. It is important that we stand up for those people. Obviously, there is still the danger of eurozone countries going ahead with financial transactions taxes. However, Britain is making the case strongly that there are ways to ensure that the financial services industry pays its fair share through bank levies and the stamp duty on share transactions, without having a financial transactions tax, which would drive these activities to areas of the world that do not apply it. It does not work and the European Commission has said that it does not work. That is why we should reject it.

Mr Speaker: I thank the Prime Minister and the House for their succinctness, which enabled 72 Back Benchers to question the Prime Minister in 66 minutes of exclusively Back-Bench time. That shows what we can do when we put our minds to it. I am grateful to colleagues.

Points of Order

4.59 pm

Chris Bryant (Rhondda) (Lab): On a point of order, Mr Speaker. You will know that the ministerial code of conduct makes it clear that Ministers have to provide timely answers to written questions tabled by Members of the House, which is underlined by a motion of the House.

Last December, I tabled three questions to the Secretary of State for the Home Department for named day answer on 14 December, and then another two on 20 December for answer on 10 January. I have still had no reply, so last week I decided that I would table a question asking when I was going to get an answer to those questions. I was very excited yesterday to get a reply, which said, "I will reply as soon as possible." Surely the ministerial code means that we must get substantive replies, not evasive ones that make it look as though a question has been answered when it has not actually been answered.

Mr Speaker: I am grateful to the hon. Gentleman for his point of order, and I would say two things in response to him. First, he is of course right that the reply that is forthcoming should be not only timely but substantive. It is not good enough for Ministers to provide holding replies in such circumstances, particularly when they are provided very late, simply saying, "I will reply as soon as possible." It must be a substantive reply.

Secondly, moderately vivid imagination though I possess, a fact to which I made reference in responding to someone last week, I really cannot imagine a colleague whom it is more impolitic or foolish to fail timeously to answer than the hon. Gentleman, for there is no colleague more absolutely certain to make a very substantial and justified fuss about it for some considerable period after the non-event.

Chris Bryant: Is that a compliment?

Mr Speaker: The hon. Gentleman should take his compliments when they come to him. It was.

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): On a point of order, Mr Speaker. In the course of oral questions earlier, there were a number of questions about the deaths of Alex Kelly and Jake Hardy in youth custody, and in my replies I said that there had not been a death in custody of such a kind since 2007. Of course, that overlooked the case of Ryan Clark, who died in April 2011 and for whom an inquest verdict is still awaited. I should like to take this opportunity to correct the record.

Mr Speaker: I am most grateful to the Minister for doing so, and for doing so as promptly as he has. It will be noted and appreciated by the House.

BILLS PRESENTED

Department for Environment, Food and Rural Affairs (Relocation to Bristol) Bill

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to require the Secretary of State to relocate the headquarters of the Department for Environment, Food and Rural Affairs to Bristol; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 279).

DEPARTMENT FOR BUSINESS, INNOVATION AND SKILLS (RELOCATION TO SHEFFIELD) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to require the Secretary of State to relocate the headquarters of the Department for Business, Innovation and Skills to Sheffield; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 280).

DEPARTMENT FOR TRANSPORT (RELOCATION TO BIRMINGHAM) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to require the Secretary of State to relocate the headquarters of the Department for Transport to Birmingham; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 281).

DEPARTMENT FOR CULTURE, MEDIA AND SPORT (RELOCATION TO MANCHESTER) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to require the Secretary of State to relocate the headquarters of the Department for Culture, Media and Sport to Manchester; and for connected purposes,

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 282).

DEPARTMENT FOR EDUCATION (RELOCATION TO NOTTINGHAM) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to require the Secretary of State to relocate the headquarters of the Department for Education to Nottingham; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 283).

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (RELOCATION TO NEWCASTLE) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to require the Secretary of State to relocate the headquarters of the Department for International Development to Newcastle; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 284).

DEPARTMENT FOR WORK AND PENSIONS (RELOCATION TO LEEDS) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to require the Secretary of State to relocate the headquarters of the Department for Work and Pensions to Leeds; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 285).

DEPARTMENT FOR COMMUNITIES AND LOCAL GOVERNMENT (RELOCATION TO LIVERPOOL) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to require the Secretary of State to relocate the headquarters of the Department for Communities and Local Government to Liverpool; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 286).

ENGLISH POLICE FORCES BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to reduce the number of police forces in England to ten; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 287).

LOCAL GOVERNMENT (AMENDMENT) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to amend the Local Government Act 1992 to allow for the establishment of unitary authorities throughout England; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 288).

ARMED FORCES (GERMANY) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to require the Secretary of State to repatriate to the United Kingdom before the end of 2015 all British military personnel serving on British military bases in Germany; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 289).

CHILD BENEFIT (AMENDMENT) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to amend the Child Benefit Act 2005 to disqualify nationals of European Union member states other than the United Kingdom who are resident in the United Kingdom with children living overseas from eligibility for child benefit payments; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 290).

PARLIAMENT (AMENDMENT) (NO. 2) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to make provision to limit the membership of the House of Lords to 300 unpaid members; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 291).

LOCAL GOVERNMENT FINANCE (AMENDMENT) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to amend the Local Government Finance Act 1992 to provide for an additional council tax band applicable to second homes; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 292).

LOCAL GOVERNMENT FINANCE (AMENDMENT) (NO. 2) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to amend the Local Government Finance Act 1992 to provide for three additional council tax bands applicable to homes valued at over £500,000, £1 million and £1.5 million respectively; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 293).

PUBLIC SECTOR SALARIES BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to stipulate a maximum salary for public sector employees; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 294).

PUBLIC SECTOR BONUSES BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to prohibit the payment of bonus payments to higher rate taxpayers working in the public sector; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 295).

CORPORATE TAX REDUCTIONS BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to require the authorisation by Parliament of corporate tax reductions by amounts exceeding £100,000 by Her Majesty's Revenue and Customs; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 296).

MINISTERIAL AND OTHER PENSIONS AND SALARIES (AMENDMENT) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to abolish the payment of grants to persons ceasing to hold Ministerial and other offices; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 297).

PARLIAMENTARY STANDARDS (AMENDMENT) (NO. 2) BILL

Presentation and First Reading (Standing Order No. 57)

John Mann presented a Bill to provide that Ministerial salaries shall not exceed the basic salary paid to Members of Parliament by more than 25 per cent.; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 298).

Mr Speaker: Hon. Members have a date for their diaries, and it is clear that the hon. Member for Bassetlaw (John Mann) is an exceptionally busy bee.

Mr George Howarth (Knowsley) (Lab): On a point of order, Mr Speaker.

Mr Speaker: Order. We will come to the right hon. Gentleman. We are saving him up and we will keep the best until last.

RECALL OF ELECTED REPRESENTATIVES (NO. 2) BILL

Presentation and First Reading (Standing Order No. 57)

Zac Goldsmith presented a Bill to permit voters to recall their elected representatives in specified circumstances; and for connected purposes.

Bill read the First time; to be read a Second time on Friday 27 April, and to be printed (Bill 300).

Mr George Howarth: On a point of order, Mr Speaker. Will you assist the House by letting us know whether somebody has amended the number of hours in the day on Friday 27 April?

Mr Speaker: Not yet, but don't encourage them—*[Laughter.]* I am glad that the House is in such an upbeat and buoyant mood.

Electricity Generation (Wales)

Motion for leave to bring in a Bill (Standing Order No. 23)

5.6 pm

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): I beg to move,

That leave be given to bring in a Bill to provide that powers relating to energy generation in Wales be devolved to the National Assembly for Wales; and for connected purposes.

The Welsh people are very protective of their natural resources. It was the UK Government's decision in the 1960s to allow Liverpool Corporation to drown a Welsh valley and the Welsh-speaking village of Capel Celyn that led to my party, Plaid Cymru, winning the historic Carmarthen by-election in 1966. That seismic moment in the history of these isles also led to our Scottish sister party's securing representation in the House, and the speeding up of the political dynamic that led to the creation of devolved Government and legislatures in Scotland and Wales.

We are living in historic times, and if the British state is to survive there needs to be a radical realignment that appeases the aspirations of the Celtic peoples of these islands to govern themselves and shape their own future. In the case of Scotland, it is probably too late.

Wales is an energy-rich nation. According to the Welsh Government, we have the potential to produce twice the electricity we require for our needs. According to the Department of Energy and Climate Change here in London, we are a net exporter of electricity. Yet in Wales, energy prices are among the highest in the British state, and we have some of the highest energy poverty levels. Clearly, something is going wrong somewhere. Unfortunately, some Unionist politicians seem happy to accept that unjust situation.

The topic of my maiden speech was fuel poverty. Having worked for the CAB movement before entering the House, I became acutely aware of the blight of fuel poverty on our communities. I remember doing a radio phone-in interview for the BBC, when somebody phoned in to explain that he depended on using a hairdryer to heat his flat during the winter. The fact that using such a device is more costly than orthodox heating methods misses the point. It shows the desperation that many households face in my country.

With, according to the campaign group National Energy Action Wales, a quarter of Welsh households in fuel poverty, we need radical solutions. I would like to put it on record that I am disappointed to read reports in the press this week that the Welsh Government have decided to scrap their fuel poverty advisory body, on which I once served.

Nobody in an energy-rich nation should suffer from fuel poverty so my party and I view control of our natural resources, energy-generation planning policy and energy policy as a whole as a key element of dealing with some of the major social justice issues we face.

Control over energy policy is also a key element of our vision of creating a new, dynamic economy for our country. Indeed, sustainable development is written into the constitution of Wales as a legislative country. We reject the vision of dependence and fiscal transfers from a self-serving London elite that some of our opponents accept as an article of faith. We want a future for Wales in which we can stand on our own two feet and chart our own course in history.

Our natural resources offer huge opportunities for our country, but if those opportunities are to be realised, those resources need to be utilised in the interests of our country and our people. We cannot allow our natural resources to be pillaged for the benefit of others as our iron, coal and gold reserves were. This will be a major political dividing line for the future, and there are clear dangers for politicians who continue to treat Wales as a second-class nation.

Although responsibility for energy generating stations is completely devolved in Scotland and Northern Ireland, we in Wales have responsibility only for energy generation stations that generate up to a risible 50 MW. Where I come from politically, what is good enough for Northern Ireland and Scotland is good enough for Wales. We were given no reason in the debate I introduced last September why Wales had received such inferior status.

In the past 12 months, all three Unionist parties pledged in the National Assembly elections in Wales to increase the arbitrary 50 MW level to 100 MW for renewables. Is that progress? It is, but perhaps not at the speed I want. When given the opportunity to introduce that policy in the Localism Act 2011—schedule 13 to the Act, to be precise—the UK Government failed to introduce the pledges of their Welsh branches.

I thank the hon. Members for Ceredigion (Mr Williams) and for Worthing West (Sir Peter Bottomley) for supporting my Bill and for displaying consistency with the promises made to the people of Wales last year by their respective parties. I had hoped to amend the Act with a new clause, but alas it was not debated, so I am grateful for the opportunity to present this Bill.

There is no stronger message in Welsh politics than equality with Scotland and I look forward to using that battle cry in a different context after autumn 2014, certainly in respect of energy powers. The previous Welsh Government were in favour of increasing the limit to 100 MW, as are the Labour Government in Wales in relation to renewables. Civic and environmental organisations also support the policy—the Campaign for the Protection of Rural Wales and Friend of the Earth included it in their National Assembly manifestos.

The communities I represent in Carmarthen East and Dinefwr also support the policy. My constituency contains two of the seven strategic search areas earmarked for renewables developments in Wales in the Welsh Government's 2005 technical advice note 8—TAN 8—policy document. That was a crude exercise if the truth be told, with lines drawn on a map, mostly on Forestry Commission land, to earmark where onshore wind developments would henceforth be located.

The major problem is that developments above and below the 50 MW threshold are decided by different planning criteria. Those below the limit are processed by the local planning authority, which in this case is Carmarthenshire country council, and those above the limit are, for the next few months, the preserve of the Infrastructure Planning Commission. They will be the preserve of UK Government Ministers thereafter.

I am delighted that the UK Government scrapped the IPC in the Act. Indeed, scrapping that body was one of my major pledges during the last Westminster elections,

I am delighted that the coalition Government have delivered for me on that one, but the key question of where those powers should reside has left me and my constituents extremely disappointed. Instead of devolving the powers to Wales, the UK Government have retained them within the Department of Energy and Climate Change here in London, in the hands of Ministers far removed from the issues in the communities that I represent.

TAN 8 area G is located in the Brechfa forest in north Carmarthenshire, an area that is world famous for its rally car stages. At least three major developments are to be located within the area. The first—the Alltwalis scheme—was below the 50 MW level. As a result of a string of problems associated with that development, my party's councillors on the local authority have been presenting mitigating measures to improve the local planning authority's policies to protect the communities of the affected area,. They include introducing a substantial buffer zone and operating conditions. This is called democracy—when local politicians react to the problems faced by those they serve.

However, the remaining developments are above the 50 MW level and will be determined by Ministers in London. The improvements to planning policy that we are working on in Carmarthenshire will not be adopted here. Development will be very much a free-for-all, with no protection for local residents. Indeed, in answer to a written question from me, the Secretary of State has not even bothered to visit the development in my constituency to gauge the concerns of those affected. That is clearly unsatisfactory. What faith can my constituents have in a system that gives them absolutely no control over developments on their doorstep? How can a system under which major planning decisions are taken by an alien Westminster Government, and not by democratic bodies in Wales, be just?

The Bill will mean the people of Wales gaining control over the Crown Estate in Wales so that the huge potential of tidal and wave power on the Welsh coastline is utilised as part of our energy strategy. Control over our energy resources matters because, without it, we are limited in what we can do to reach our potential as a country, to grow a new economy for Wales and to help the vulnerable.

I would like to finish by quoting that great Welsh political philosopher D. J. Williams, from Rhydcymerau, in my constituency. This is a translation, and I hope the great man will forgive me:

> "It may be said that there is a divine right to anything on earth. The right over the land of Wales belongs to the Welsh nation, and no alien, whoever he be."

Diolch yn fawr iawn.

5.16 pm

Albert Owen (Ynys Môn) (Lab): I rise to oppose the motion and do so as someone who is pro-devolution, pro-Welsh and pro-UK, and I can hardly be called the London elite.

Hywel Williams (Arfon) (PC): Only when you're doing somersaults.

Albert Owen: I will come to somersaults in a minute.

I believe in practical devolution. Less than 12 months ago, a referendum was held on giving the National Assembly for Wales extra powers in areas that were already devolved. I and the Labour party supported that, and I worked alongside the hon. Member for Carmarthen East and Dinefwr (Jonathan Edwards). That referendum gave the National Assembly for Wales the tools to carry out and deliver, which is the Welsh Government's priority, and rightly so. They are delivering in the areas of health, education and economic development, and I want to see them work in partnership with the UK Government and local government.

In no area is it more important to work in partnership than on energy, where responsibilities for large infrastructure reside at the UK level, while planning and environmental issues are shared between the Welsh Government and local government. The present balance is right. Energy security is one of the biggest issues facing the UK. We need a proper UK strategy on generation, transmission and developing new technologies as we move—I think this is the aim of everybody in the House—towards a low-carbon economy.

The hon. Gentleman often says that Wales is a net exporter of electricity, and he did so again today. However, he often fails to mention—he did so again today—that between 32% and 40% of the electricity used in Wales is produced from nuclear power at Wylfa in my constituency. My constituency is in line for a new Wylfa B power station, which could produce three times the current level of nuclear power and make Wales self-sufficient in low-carbon nuclear power, as well as creating hundreds of jobs.

Plaid Cymru's policy on nuclear power is as clear as mud. Its leader—my Assembly Member—supports nuclear power on Anglesey. Its president told me on Friday that she and her party were against it. I believe that the party's parliamentary leader, the right hon. Member for Dwyfor Meirionnydd (Mr Llwyd), is in favour of it. Talk about mixed messages!

What is needed on energy policy is clarity and stability to attract the right investment and deliver a low-carbon economy. Whichever Government are in power in Westminster, electricity market reform is needed to deliver investment in grid infrastructure, transmission, generation and new and established technologies for the future. As a member of the Energy and Climate Change Committee, I hear regularly from experts and academics, the industry and environmentalists about the need for clear policies at the UK level.

The Labour party supports increasing the Assembly's devolved powers over renewable energy. We put that in our Assembly manifesto and argued for it in the House when we debated the Energy Bill—my hon. Friend the Member for Ogmore (Huw Irranca-Davies) did so—but unfortunately it was not taken up. Nevertheless, this House is the place to debate energy issues, and there will be opportunities for that in the future. My party will argue that line consistently. However, some renewable technologies, such as biomass and wind technology, are growing considerably, and we need to consider devolving to the Welsh Assembly Government powers in respect of larger megawatt capacities.

As the Minister of State, Department of Energy and Climate Change, the hon. Member for Wealden (Charles Hendry) knows, my area aspires to be an energy island—it has adopted that concept—and in partnership with the

[Albert Owen]

Welsh Assembly Government is working to become an energy enterprise zone in order to create jobs and encourage the technologies and research and development in Anglesey. All levels of government are working together on that. That is a microcosm of how the UK is developing its technologies to meet its low-carbon objectives. And yes, nuclear energy is at the core of that.

That case is a good example of partnership working between the Welsh Government, all levels of government and stakeholders, and I believe that it strikes the right balance. Such a clear demarcation line is what is needed, and it is what businesses, including international businesses wanting to develop and invest in Wales and the rest of the United Kingdom, say that they want. However, the ten-minute rule motion is far from clear and sends the wrong messages to investors who want to invest in my constituency, in Wales and in the rest of the United Kingdom. I urge right hon. and hon. Members to oppose it.

Question put (Standing Order No. 23).

The House divided: Ayes 44, Noes 239.

Division No. 445] **[5.22 pm**

AYES

Beith, rh Sir Alan
Bottomley, Sir Peter
Brake, rh Tom
Brooke, Annette
Bruce, rh Malcolm
Crockart, Mike
Dodds, rh Mr Nigel
Durkan, Mark
Edwards, Jonathan
Farron, Tim
Flynn, Paul
Foster, rh Mr Don
George, Andrew
Gilbert, Stephen
Goldsmith, Zac
Hancock, Mr Mike
Hemming, John
Horwood, Martin
Hughes, rh Simon
Huppert, Dr Julian
Leech, Mr John
Lloyd, Stephen
Llwyd, rh Mr Elfyn
MacNeil, Mr Angus Brendan
McCrea, Dr William
Munt, Tessa
Percy, Andrew
Pugh, John
Reid, Mr Alan
Robertson, Angus
Rogerson, Dan
Russell, Sir Bob
Sanders, Mr Adrian
Simpson, David
Smith, Henry
Smith, Sir Robert
Swales, Ian
Thurso, John
Ward, Mr David
Williams, Hywel
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Willott, Jenny

Tellers for the Ayes:
Pete Wishart and Caroline Lucas

NOES

Abbott, Ms Diane
Abrahams, Debbie
Afriyie, Adam
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Andrew, Stuart
Ashworth, Jonathan
Austin, Ian
Bacon, Mr Richard
Bailey, Mr Adrian
Bain, Mr William
Baldwin, Harriett
Banks, Gordon
Baron, Mr John
Barron, rh Mr Kevin
Bebb, Guto
Begg, Dame Anne
Bell, Sir Stuart
Benton, Mr Joe
Betts, Mr Clive
Bingham, Andrew
Blackman, Bob
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bone, Mr Peter
Bradley, Karen
Bradshaw, rh Mr Ben
Brazier, Mr Julian
Brennan, Kevin
Bridgen, Andrew
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bruce, Fiona
Bryant, Chris
Cairns, Alun
Campbell, Mr Alan
Campbell, Mr Ronnie
Chapman, Mrs Jenny
Chope, Mr Christopher
Clappison, Mr James
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Dr Thérèse
Crausby, Mr David
Creasy, Stella
Cryer, John
Cunningham, Alex
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
David, Mr Wayne
Davies, David T. C. *(Monmouth)*
Davies, Geraint
Davis, rh Mr David
Dinenage, Caroline
Dobbin, Jim
Docherty, Thomas
Donohoe, Mr Brian H.
Doyle, Gemma
Dugher, Michael
Elliott, Julie
Ellis, Michael
Ellison, Jane
Esterson, Bill
Eustice, George
Evans, Chris
Fitzpatrick, Jim
Flello, Robert
Fovargue, Yvonne
Francis, Dr Hywel
Freer, Mike
Fullbrook, Lorraine
Gapes, Mike
Gardiner, Barry
Garnier, Mark
Gilmore, Sheila
Glass, Pat
Glen, John
Glindon, Mrs Mary
Gray, Mr James
Greatrex, Tom
Greenwood, Lilian
Griffith, Nia
Griffiths, Andrew
Gwynne, Andrew
Halfon, Robert
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harrington, Richard
Harris, Rebecca
Harris, Mr Tom
Hart, Simon
Havard, Mr Dai
Heald, Oliver
Healey, rh John
Heaton-Harris, Chris
Hendrick, Mark
Hepburn, Mr Stephen
Hilling, Julie
Hinds, Damian
Hodgson, Mrs Sharon
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kelvin
Howarth, rh Mr George
Irranca-Davies, Huw
Jackson, Mr Stewart
James, Mrs Siân C.
Jamieson, Cathy
Jenkin, Mr Bernard
Johnson, Gareth
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Mr Marcus
Jones, Susan Elan
Joyce, Eric
Kaufman, rh Sir Gerald
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lavery, Ian
Lazarowicz, Mark
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Chris
Liddell-Grainger, Mr Ian
Lloyd, Tony
Lopresti, Jack
Lord, Jonathan
Lucas, Ian
Malhotra, Seema
Mann, John
McCann, Mr Michael
McCartney, Karl
McClymont, Gregg
McFadden, rh Mr Pat
McGovern, Jim
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Mensch, Louise
Mercer, Patrick
Michael, rh Alun
Mills, Nigel
Mitchell, Austin
Mordaunt, Penny
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Anne Marie
Morris, Grahame M. *(Easington)*
Mowat, David
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Murray, Sheryll
Nandy, Lisa
Nash, Pamela
Nokes, Caroline
Nuttall, Mr David

O'Donnell, Fiona
Offord, Mr Matthew
Owen, Albert
Parish, Neil
Pawsey, Mark
Pearce, Teresa
Perkins, Toby
Phillips, Stephen
Pincher, Christopher
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reckless, Mark
Rees-Mogg, Jacob
Riordan, Mrs Linda
Robertson, Mr Laurence
Rosindell, Andrew
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sarwar, Anas
Scott, Mr Lee
Sharma, Mr Virendra
Sheerman, Mr Barry
Shepherd, Mr Richard
Sheridan, Jim
Skinner, Mr Dennis
Smith, rh Mr Andrew
Spellar, rh Mr John
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Stuart, Mr Graham
Sutcliffe, Mr Gerry
Syms, Mr Robert
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Tomlinson, Justin
Turner, Mr Andrew
Turner, Karl
Twigg, Derek
Twigg, Stephen
Tyrie, Mr Andrew
Uppal, Paul
Vaz, rh Keith
Vickers, Martin
Walker, Mr Robin
Walley, Joan
Walter, Mr Robert
Watson, Mr Tom
Weatherley, Mike
Wharton, James
Whitehead, Dr Alan
Whittaker, Craig
Williamson, Chris
Wilson, Phil
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Nick Smith and
Mr Dave Watts

Question accordingly negatived.

Local Government Finance Bill

[3RD ALLOCATED DAY]
Further considered in Committee

[DAWN PRIMAROLO *in the Chair*]

Clause 8

COUNCIL TAX REDUCTION SCHEMES

5.34 pm

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): I beg to move amendment 79, page 4, line 35, at end insert—

'(1) Each local authority in preparing its council tax reduction scheme should start on the basis that, all other factors being the same, the total cost should be no greater or less than in the previous financial year.'.

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): With this it will be convenient to discuss the following:

Amendment 85, page 5, line 19, at end insert—

'(5A) Any grant payable to a local authority in England in support of a council tax reduction scheme for a financial year beginning with 1 April 2013 shall not be less than the amount paid in council tax benefit subsidy for the financial year beginning with 1 April 2012.

(5B) The total amount of any grant payable to a local authority in England will be assessed each year or financial year beginning with 1 April 2013 in line with the Government's New Burdens Doctrine.'.

Amendment 80, line 31, at end insert—

'(5A) The Secretary of State must ensure that local authorities receive no less in subsidies under the council tax reduction schemes than they would have expected to receive under the earlier scheme.'.

Amendment 78, in schedule 4, page 49, line 39, at end insert—

'(2A) In circumstances where a deficit arises in the billing authority's collection fund the authority shall be able to make an application to the Secretary of State for a payment to cover that deficit.'.

New clause 11—*Payment of additional grant*

'The Secretary of State shall be required to pay an additional grant to a local authority if, at the end of any financial year, the total expenditure incurred by the authority under any scheme approved pursuant to Schedule 4 of this Act is greater than the amount of grant received from the Secretary of State to fund the scheme. The amount paid to the authority shall be the difference between the sum originally received and the total cost to the authority of the scheme.'.

Mr Raynsford: Amendment 79 and the linked amendments, 78 and 80, aim to put this part of the Bill, which devolves responsibility for council tax rebates to local authorities, on the same basis as the earlier parts of the Bill, which we have debated over the past two weeks. Those parts sought to localise business rate revenue. Hon. Members will recall that, during the debates on the business rate localisation, Ministers were emphatic in insisting that the baseline from which the new business rate arrangements would operate should not involve any local authority losing revenue. In other words, the scheme was designed to be revenue neutral in year 1. That is precisely what the amendments seek to achieve for the new local council tax reduction schemes.

[Mr Raynsford]

My hon. Friend the Member for Sheffield South East (Mr Betts), the Chair of the Select Committee, seeks to achieve a similar result through his amendment 85, which is linked to this group. My hon. Friend the Member for Warrington North (Helen Jones) has tabled new clause 11, also linked to this group, which seeks to protect local authorities from any additional costs that might fall on them during the course of a year. That might happen, for example, as a consequence of more people becoming eligible to claim benefits if a local factory were to close, or if more people were to lose their jobs for other reasons. Currently, local authorities are reimbursed for unforeseen expenditure, and Government grant meets the full cost of the benefit scheme, which is of course an integral part of the overall national scheme of welfare benefits, including housing benefits, that are the responsibility of the Department for Work and Pensions.

Some would query the logic of separating council tax benefit from the other benefits at a time when the Government are arguing for simplifying the whole benefit structure through the universal credit. However, I do not propose to pursue that argument today. There are good reasons for localising this aspect of benefits to local authorities, but there is no justification for doing it in a way that imposes harsh cuts in benefits from the outset and leaves local authorities, and therefore benefit recipients, vulnerable to further cuts because they have to take the downside risk of any increased expenditure caused by additional benefit claims in-year.

Andrew Gwynne (Denton and Reddish) (Lab): Do not the Government's proposals introduce some quite substantial financial risks for local authorities, not least that there are no real needs-based criteria for authorities, as we discussed in earlier sittings of the Committee? Every local authority is different in its make-up and economic circumstances might change within financial years, so there needs to be a mechanism to reflect that need.

Mr Raynsford: My hon. Friend makes an important point about the assessment of need. The framework imposed by the Government will certainly require local authorities to make very deep cuts in benefit payments to certain categories of people. We will go on to explore some of the implications in later debates; suffice it to say for now that it really is a travesty of localism to say to local authorities, "We are giving you this new responsibility, but we are shackling your ability to do the job properly by imposing, first, an immediate 10% budget cut and, secondly, a total transfer of risk for any future increases in cost; and, thirdly, by requiring you to do this to a rushed timetable that does not allow you adequate time to consult local residents to test the impact of different models for the new scheme, posing a serious risk that the software will not be ready in time to allow orderly implementation." I am afraid to say that this is a very sad example of a badly conceived scheme being rushed through by a Government who are not themselves going to face the consequences. Local authorities will face the consequences of a lot of very angry and very unhappy residents.

Mr Kevan Jones (North Durham) (Lab): On that point, does my right hon. Friend agree that the Government know exactly what they are doing and that they are doing it so that when people get angry locally, the Secretary of State can stand by and say that it is not his fault, but the local council's fault?

Mr Raynsford: My hon. Friend makes a very good point. Frankly, I am very surprised indeed that Lib Dem members of the coalition are going along with this—*[Interruption.]* I am pleased to hear the hon. Member for Portsmouth South (Mr Hancock) say what he does; I hope he will demonstrate that in the Division Lobby later.

I am surprised that Conservative Members who have experience of local government, and who must be well aware of the pressures that the Government's measures will impose on their local government colleagues, are prepared to support such a draconian and ill-thought-out package. Cutting 10% of the cost of council tax benefits at the outset is bad enough, but obliging councils to take the downside risk of a further rise in costs in-year, and imposing conditions that will inevitably force heavier cuts on some categories of recipient, adds insult to injury.

To cap it all, imposing an unreasonably tight implementation timetable without allowing adequate time for local authorities to prepare demonstrates a cavalier disregard for the interests of those authorities, which, not surprisingly, are demonstrating growing alarm. The Government should pause to think about why local authorities, which ought to be welcoming a measure whose intention is localist, are expressing such grave reservations about the implications of this scheme.

Mr Mike Hancock (Portsmouth South) (LD):Let me first declare my interest as one who is still a member of a local authority.

Is the right hon. Gentleman, like me, aware that some authorities have expressed the fear that they will have to make cuts in this year's expenditure to prepare the ground for the implementation of the measure? Once again, the Government are showing no semblance of care about what they are imposing on such authorities.

Mr Raynsford: The hon. Gentleman makes a very good point. Any prudent local authority treasurer who takes account of the element of risk that is being transferred will inevitably say that there must be cuts in addition to those required by the Government, to provide a cushion against possible circumstances that cannot yet be anticipated.

Amendment 79 requires local authorities, in planning their council tax rebate schemes, to start from the premise that, all other factors being equal, the overall cost of the new scheme should be no more and no less than the cost in the previous year. In other words, it requires a neutral baseline that avoids arbitrary cuts, but also protects Government against the risk that local largesse will increase their own costs. That arrangement is utterly fair, and will operate in just the same way as the arrangement that we all agreed was appropriate for the introduction of the localisation of the retention of business rates.

The system that I propose will not inhibit local authorities from making changes in the current rebate scheme to reflect their local circumstances or priorities. Provided that the overall effect is cost-neutral, they will be free

to make as many changes as they wish. This is a truly localist approach, allowing local discretion without imposing unreasonable and arbitrary central diktats.

Amendment 80 refers to central Government support for local expenditure on council tax rebates. It requires the Secretary of State to ensure that local authorities receive no less subsidy than they would have expected under the previous scheme. Again there will be a neutral baseline: a starting point at which the Government will not be exposed to higher costs, but equally local authorities will not be exposed to the risks that are implicit in the Government's proposals. Amendment 78 is designed to cover the risk of unforeseen increases in expenditure in-year if the number of claims increases by making it clear that authorities may apply for reimbursement of those costs.

Bob Blackman (Harrow East) (Con): Having read amendment 78, I assume that if it were passed any losses on collection of council tax would enable a local authority to apply to the Secretary of State for reimbursement. As the right hon. Gentleman will know from his long experience, the effect would be to cause virtually every local authority in the country to suffer losses on council tax collection. His amendment would open the door for every local authority to apply for reimbursement.

Mr Raynsford: If the hon. Gentleman looks carefully at the wording of the amendment, he will see that it allows local authorities to apply, but does not require the Secretary of State to pay. In new clause 11, my right hon. Friend the Member for Leeds Central (Hilary Benn) proposes to go further by requiring the Secretary of State to reimburse. I can see the logic of that, but it is open to the criticism that the hon. Gentleman has advanced. I hope he will accept that I have framed my amendment in an extremely moderate way, in order to make it clear that there should be a presumption that if costs are increased through no fault of the authority involved—not as a result of a failure to collect the money owed to it, but because of circumstances outside its control such as an increase in the number of unemployed people in the area—it should be able to seek reimbursement. The amendments are silent on the obligation of the Secretary of State to meet such applications. Some might say my proposals are rather too moderate, and that I should have shackled the Secretary of State, but I hope Members on the Government Benches will realise that I have tried to frame a very moderate series of amendments that simply seeks to create a neutral starting baseline and to avoid the draconian cuts that will otherwise be imposed on local authorities.

These are sensible amendments that should command the support of the Committee, and certainly of everyone who understands, and sympathises with, the needs of local government.

5.45 pm

Mr Clive Betts (Sheffield South East) (Lab): I support the amendments of my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford), and I also agree with what he said. Amendment 85 stands in my name and seeks to achieve similar ends to my right hon. Friend's amendment 79 and consequent amendments. My amendment seeks to localise council tax on the basis that local authorities will have the same amount of money in 2013 as in 2012-13, so that we have a consistent base from which to develop and implement the new scheme.

I am in favour of localising council benefits and of not incorporating the reduction scheme into the universal credit scheme. I know that there are differences of view on that even within parties, but linking council tax benefits with the term "benefit" has discouraged many people from applying for something to which they are entitled. In the previous Parliament, the Select Committee conducted an inquiry into the council tax benefit system and suggested that it should, perhaps, be renamed precisely because the word "benefit" discouraged some people—especially those who applied for nothing else and who were not entitled to anything else—from applying for it. After all, it has one of the lowest take-ups of any benefit, particularly among pensioners. Often, they are forgoing merely £2, £3 or £4 a week, but that can be a relatively important sum for people on relatively low incomes.

As I have said, I support the introduction of this reduction scheme and its both being clearly outside universal credit and being linked to council tax in such a way that people pay a reduced amount of that tax. I should point out that earlier today the Minister defended the imposition of an unwanted referendum for local mayors in Sheffield by his Lib Dem colleagues on the city's council, yet he will now extol the benefits of council tax. That is a somewhat different position from the one he would have adopted only a few months ago.

Although there is general support for the Government's proposed change, there is also a problem. If one of the aspirations of renaming the council tax benefit as the council tax reduction is to encourage more people to take it up, the consequences for local government are clear. Previously if councillors had gone out on a publicity drive to improve the take-up of what is currently known as this benefit, central Government would have paid for that. Furthermore, if more people take up the benefit—or reduction—there is a cost in that that also fully falls on local authorities. That is a perverse impact of the Government's proposal.

Mr Graham Stuart (Beverley and Holderness) (Con): Will the hon. Gentleman confirm my understanding that in a rural coastal area such as the one I represent, which has a high number of elderly people and quite a low take-up of this benefit, if there is a big increase in take-up and there is protection for the elderly, the impact on the council or on the other people entitled to the benefit would be rather large and profound?

Mr Betts: I could not have put it better myself; that is precisely right—there will be a perverse incentive. If a council gets the older people who are entitled to claim to do so in greater numbers, other council services will be cut, council tax might increase at some point or, if no more money is spent on the scheme, the benefits of people who are not pensioners will be affected. That is precisely the point.

The problem is not with the Government's attempt to rebadge the scheme or to localise it, but with the 10% reduction at the beginning, all in one go, and the way in which the Government have framed the restrictions on the extent to which local authorities can implement the

[Mr Betts]

reduction. Local authorities can always find extra money to increase the cost of the scheme, but is the Minister really suggesting that it will be possible for any local authority in the current circumstances to find extra resources at a time when services all round are being cut for reasons we all know about?

The 10% restriction or cut in the available Government funding comes in from day one in 2013. Pensioners are going to be protected, and no one in the Opposition is going to argue about protecting pensioners because we want to increase the number of pensioners taking up their entitlements, but that obviously means that the 10% reduction will fall on other people who claim the reduction. That is self-evident. I asked the Minister about this yesterday, because the Local Government Association has kindly put forward the information that about half those claiming the benefit are pensioners, which means that half are not pensioners. So if pensioners are protected, that means a reduction of about 20% for other claimants, does it not?

Andrew Gwynne: My hon. Friend makes an excellent point. Is it not worrying that if one section of society is to be prioritised, another, very needy, section is to be penalised, and does not that place councils in the very tough position of deciding who are the deserving poor and who are not?

Mr Betts: Absolutely. We are told that vulnerable people—perhaps people on very low incomes with children—are going to be protected, or have to be protected, by councils under the scheme, but are they going to be or not? Are the Government going to insist on that? We are not quite sure. We are told that local authorities have to take account of the tapers under universal credit, but what does that mean? Are they obliged to respect completely the 65% taper element within universal credit or not? If so, will that mean that a smaller and smaller number of people will have the totality of the cuts in benefits imposed on them? That is the reality. Will the Government explain what they think is going to happen?

Mr Kevan Jones: Does my hon. Friend agree that one problem that the Government seem to ignore is that a lot of the people affected will not be on benefits but will be in low-paid work and that this will be a disincentive for them to work?

Mr Betts: Of course it will, unless the Government are saying that those people should be exempt as well. To what extent will councils be obliged to take account of the tapers in universal credit in the system they devise? Will Ministers give a clear answer on that? If councils have to take account of it, full stop, that will really throw the onus back on attacking benefits and on reductions for the unemployed. Is that the situation? Is that what Ministers are trying to achieve?

The LGA has done some calculations to the best of its knowledge and information. It says that because of the exemptions for pensioners and others for whom the Government say local authorities cannot make reductions under the scheme, those who are left whose benefits can be reduced—the 1.3 million claimants out of the 5 million who currently claim—will lose, on average, £320 each a year. That is £6 a week being lost by people who are already on low incomes—that is why they are claiming benefits in the first place. That will be on top of any other benefit losses from any other benefit reductions the Government intend. Have the Government analysed whether that £320 figure is right? Do they contest it?

Mr Mike Hancock: The information from the LGA is very helpful, but it is an average. In some areas, the cut will be far worse than £6 a week because the number of pensioners and others who are protected will be greater. In some local authority areas in my constituency, people could lose upwards of £10 a week.

Mr Betts: The hon. Gentleman is absolutely right—the figure of £320 a year or £6 a week is an average, and there will be people who lose significantly more than that. Have the Government done any calculations to show whether the LGA figure is right or wrong? If it is wrong, will they tell us what they believe the correct figure to be? Have they done any analysis regarding the multiple withdrawal of benefits and situations when the council tax benefit reductions that come as a result of this scheme are laid on top of any other benefit reductions that hit the same families? Have they done any calculations of the total losses that such families may face?

My right hon. Friend the Member for Wentworth and Dearne (John Healey) was absolutely right the other day when he said that local authorities are getting a hospital pass here. They are getting a Government scheme with complications, in terms of the totality of the financial arrangements, of which most people will have no understanding. All that people will see is that their council's scheme will impose cuts in their benefits. It will be councils that get the blame, and no doubt that is where Ministers will firmly put the blame, but it will be grossly and totally unfair.

Another problem is the time scales involved, as my right hon. Friend the Member for Greenwich and Woolwich has pointed out. Local authorities will not be able to work at this over a period of time. They have just over 12 months in which to consult on a new scheme, introduce it and explain it to people in their area. There is also the issue of the technology that will come with it, and we know that the technology in new systems being brought in quickly has a habit of going wrong. So not only will many people be faced with the abrupt introduction of these changes affecting their income overnight, but there will be major failings in service delivery as systems do not deliver on time and people end up without any benefit at all.

Mr Graham Stuart: I am grateful to the hon. Gentleman for giving way again, as I have to leave the Chamber in a moment to meet the chairman of the Commission for Rural Communities. People in rural areas earn on average less than people in urban areas, pay £100 a head more in council tax and see urban areas getting 50% more in central Government grant than rural areas. There is also a higher average age of population in rural areas, so the impact on the rural poor of further skewing could be particularly profound. Will the hon. Gentleman comment on that?

Mr Betts: I do not want to get into a debate about whether people in rural areas or urban areas suffer most. The reality is that people throughout the country are likely to suffer and that it will be councils, whether they are Conservative councils in rural areas or Labour

councils in metropolitan areas, that get the blame, but it will not be the fault of local councillors, whichever party they represent.

Coming back to my point about speed, I say to the Minister that this is an accident waiting to happen. Some of us have been through significant benefit changes before. When Sheffield outsourced its benefits administration to Capita a few years ago there was complete chaos for 18 months. Some of us have experienced elderly people coming into our surgeries and breaking down in tears because although they have always paid their bills on time they have been unable to do so owing to the fact that their benefit application had not been dealt with appropriately. That is what will happen in the rush that the Government are embarking on. Some councils will get it right but others' systems will fail because of the speed at which this is being done.

Oliver Heald (North East Hertfordshire) (Con): Will the hon. Gentleman amplify his comments about universal credit, because I understood that with universal credit as someone went into work the taper arrangements were such that they would always be considerably better off than they were on benefits? If that is the case and those taper arrangements are to be respected by councils, surely he is wrong to say that people who are just over the limit—those who are in work and on the lowest levels of income—will be worse off.

6 pm

Mr Betts: I am sure the Minister is far better able than I am to explain, because it was his consultation and his response that I have been trying to read. I understand that the council tax reduction scheme is separate from universal credit. The Government do not want withdrawal of council tax reduction as people get into work to affect their income as they earn more to the extent that it increases the tapers by 65% in total and therefore undermines the principle of universal credit. The Government intend the council tax reduction scheme to have regard to that, so it is likely that it will not be possible for the changes to the scheme—the worsening of the scheme—to affect people in work. More of the change and reductions in the benefits available will therefore hit non-working people of non-pensionable age. That is the explanation of the Government's position, I think, but it would be helpful if Ministers set out their understanding.

Alison Seabeck (Plymouth, Moor View) (Lab): It was interesting to hear my hon. Friend mention Capita, which was at the wrong end of the car crash of IT failings in Sheffield. Capita has stated publicly that it has concerns about this proposal and the speed at which it is being pushed forward. I am sure my hon. Friend will reinforce those concerns in his questions to Ministers.

Mr Betts: Absolutely. Anyone involved in developing a new system, consulting on it, explaining it and getting the technology right will have real concerns. I just hope that Ministers listen to local councils and the LGA and are prepared to say, even if they go ahead with this flawed scheme, that they will at least delay it by another year, to allow time for further thought to be given to producing a scheme that might deliver without the problems that I have identified arising.

John Healey (Wentworth and Dearne) (Lab): My hon. Friend talks about the tight time scale and the argument for the Government seriously considering putting implementation back for a year. Does he accept that although it is a year today that councils have to have an approved scheme in place—otherwise they will have to use the present scheme—we do not yet know when the Government will require schemes to be submitted for approval, or how quickly they undertake to turn those decisions round, or the principles by which they will require the schemes to operate and therefore be able to get approval—

The Temporary Chair (Mr Edward Leigh): Order. We are in danger of straying into the next group. Please keep in order, Mr Betts.

Mr Betts: My right hon. Friend is right to say that the time scale is incredibly tight and there are so many potential problems associated with the measure that Ministers really ought to think them through. In the end, the problems will be created not for councils, but for people on low incomes who need benefits simply to sustain themselves. They are the ones who will be damaged if this is got wrong.

Altering the responsibility for any future changes in the number of people claiming council tax reductions is a fundamental shift. Now, if more people claim the reductions, the Government pick up the bill; in future, councils will. The present arrangements, with the Government picking up the bill, make council tax revenue very stable for local authorities. One of my criticisms of previous Lib Dem proposals to scrap council tax and introduce local income tax was that it would make local councils' revenue unstable, putting them at risk in times of recession, as we had in 2008, and undermining their financial base if unemployment rises. That is a real problem.

Some of us went on a parliamentary trip to the United States after the recession. We talked not only to local authorities, but to states whose budgets were cut to shreds by the recession and the associated decline in their income tax and sales tax revenues. They became unstable because they could not borrow for revenue, just as our local authorities cannot. The current compact between central and local government is that although local authorities cannot borrow for revenue, they know that their revenue will be stable. They set their council tax and they know they will receive the money—council tax has a very low rate of non-collection. That is why I understand the amendment tabled by Labour Front Benchers to compensate councils for changing revenue in-year. There is a real risk not only of longer-term instability for councils, especially those in areas that start to experience economic decline because of the collapse of a particular industry and more people therefore claiming reductions, but in the increased uncertainty for councils year on year. Councils will no longer have certainty. If they do not know whether unemployment will rise in their area and they do not know how successful a campaign to persuade more people to take up the reduction scheme will be, councils cannot forecast their revenue with the normal degree of accuracy.

Ministers do not appear to understand that. Until now, there has been a clear system in this country in which councils cannot borrow for revenue, but they can

[Mr Betts]

be sure that revenue will come in so they do not have to borrow. They can set their budget for the year with a good degree of certainty. Ministers appear not to have tackled that issue at all. Local government in this country has been absolutely sound and stable throughout all the recent economic difficulties. The proposed scheme introduces an element of doubt at a time of great turbulence in local authority revenues, when grants are being cut and there is great pressure on services. The Government should think carefully before adding this extra potential for loss of revenue—this extra risk—by pursuing the scheme in such a short time scale.

Mr Robert Syms (Poole) (Con): I do not support amendment 79, but think it a useful vehicle for debate on an important subject. In my experience, local government is good at adapting to change, provided that it is given sufficient time to do so. I am sure that local authorities will be able to adapt to the Government's timetable, but there are many pressures in different areas. First, most authorities are cutting spending; secondly, they will have to grapple with the 10% reduction; and thirdly, the Government have stated clearly that that should not affect pensioners. In an area such as Poole, with a heavy preponderance of pensioners, the burden will fall on a small minority of those claiming that benefit. Fourthly, as most local authorities will have to freeze their council tax, or will freeze it anyway, and have limited balances, they may well err on the side of trying to ensure that they get their figures correct and that there is no cross-subsidy in terms of the benefit falling on the council tax payer. A perverse incentive may arise to make larger reductions in support for the vulnerable than the figures necessarily entail, because authorities do not want to take the risk.

The current system is predictable in the sense that it is running and the Department for Work and Pensions can transfer money equally on a monthly basis. The direction of travel in localisation is fine and I am sure that many local authorities can draw up good schemes, but in year one the new arrangements will not be as predictable. Some authorities will draw up schemes that turn out to be more generous than they thought, and others will draw up schemes that are less generous than expected. Ministers have to consider what will happen when a scheme is got wrong, because as sure as eggs are eggs, there will be one authority that gets its figures substantially wrong and has a problem.

Mr Kevan Jones: The problem for authorities such as mine in County Durham, where a large number of people receive council tax benefit, will perhaps be bigger than for some of the smaller authorities, where there are relatively few council tax benefit recipients.

Mr Syms: I am certain that the measure will have a different effect on different authorities. We need a little bit more clarity from Ministers: will there be emergency funds that can be drawn on if there is a difficulty in the short term?

Of course, what makes it complicated is the fact that the Government are looking for savings because of the overall economic situation. We have to make savings; we are looking to make savings of £420 million, and that makes things much more difficult. Again, speaking from my experience of local government, it is sometimes in a position to deliver savings, given a chance, but as we have heard in this debate, if there is pressure on council tax and council tax benefits, something will have to give. I therefore have concerns about the Government's direction of travel, and I hope that the Minister can reassure us that they have thought about what would happen in an emergency.

Clearly, if a local authority has to deal with a reduction and is given maximum flexibility to do so, sometimes it can deal with it, but if it is initially told, "You must protect pensioners," the impact of the reductions may fall on a smaller number of people. We recently heard exchanges across the Chamber about universal credit; that credit may offset some of that, but that might mean that the non-working faced the worst situations. The issue needs careful thought. I am sure that the Government's timetable can be kept to, but we have to think very carefully; if lots of new schemes are invented following consultation, some people will get them right, some will get them wrong, and some will over-egg the savings, and that may well have an impact on our communities.

The Library briefing says that the reduction might partly be an incentive for local authorities to create jobs, but I am not sure that local authorities can wave a magic wand and create jobs in six months, a year or two years. Over a period of time, if authorities have active economic development departments, build capacity on industrial estates and try to attract firms, they might be able to have some impact. However, from a practical point of view, when it comes to dealing with the problems that arise when the measures are implemented—and perhaps in the year or two after that, in what we all know will be quite difficult economic circumstances—I do not think that councils have the ability to change the number of people in or out of work in their area. That is a long-term thing, not a short-term change that can be made in months, so I have some concerns.

Poole borough council, my authority, is having to deal manfully with the need for a number of savings; dealing with the measure, on top of that, will be difficult. I hope that we get the scheme right in Poole, but if we do not, I hope that the Government have thought about how they will deal with the consequences.

Helen Jones (Warrington North) (Lab): It is a great pleasure to be under your chairmanship, Mr Crausby. We have heard hon. Gentlemen on both sides of the House express real concerns about how the scheme will work in practice, and particularly about what will happen in authorities with a large number of pensioners. Hon. Friends have spoken about the need to start the scheme on the right basis—a neutral basis—and to ensure that councils are adequately funded for the scheme that they are being asked to bring in.

I want to speak about new clause 11 in particular, which seeks to address some of the real financial risks that are being transferred to local authorities. Many hon. Members will remember that last week we debated clause 3, which changed the requirement to pay a grant to a power to do so. In that debate, as in all our debates so far on the Bill, the Government refused to clarify how they would distribute money, fund local authorities and meet the costs of the duties that they seek to impose on them. That is exactly what the Government

are trying to do with the localisation of council tax benefit. We are back to the old game of ensuring that the blame for their cuts is taken elsewhere. New clause 11 attempts to ensure that local authorities are reimbursed for expenses incurred as part of the council tax reduction scheme.

The 10% cut in funding that many hon. Members have referred to, along with protection for pensioners, which the Government rightly want to ensure, means that others will face much larger cuts in their benefit. We will debate many of those issues under the next group of amendments.

Mr Kevan Jones: Does my hon. Friend agree that that includes the 1.9 million people in receipt of council tax benefit who do not have passported benefits?

Helen Jones: Yes, I agree, and we will consider those people as we proceed with discussions this evening. That is the group most often forgotten about in these discussions, and the most at risk.

6.15 pm

There is also a huge risk to local authorities; councils will find themselves bearing all the risks of the scheme, because there is to be a move from annually managed expenditure, whereby local authorities were reimbursed for correctly processed claims, to a grant—a grant, moreover, that has to come within the Government's expenditure totals. Any rise in benefit claims—any unforeseen problems such as the closure of a major employer—will mean local councils bearing potentially large costs, with no guarantee of reimbursement from the Government.

If the Government move to multi-year settlements—it seems from the response to the consultation that they want to do so—that financial risk will simply increase. According to their response to the consultation, the Government believe that the problem can be tackled by billing and precepting authorities sharing risks, and that deficits can be tackled either by a general increase in council tax, which, as many hon. Members have said, is difficult in the current circumstances, or by allowing billing authorities to vary the amount of precept paid to precepting authorities to

"reflect any fluctuations in collection rates",

as the Government put it. In other words, that transfers part of the financial risk not back to Government, but to another authority, thereby creating further instability in that authority's system, and the result is likely to be cuts.

Although the Government have said that they will assess the transitional costs of the scheme—whether authorities will be reimbursed for all those costs remains to be seen, because there is not a great track record on this—that does nothing to tackle the inherent financial risks, and the built-in disincentive to encourage people to make claims. In the past, many local authorities have done excellent work encouraging people to claim the benefits to which they are entitled. I am sure that many of them will still do so, but now, if a council encourages more people to claim, it will have to bear the costs, and that is a ridiculous system.

John Healey: My hon. Friend is making the clear and strong case that the new scheme will increase the financial risks to local authorities. Does she accept that local authorities will therefore have to increase their financial reserves, and to do that, they will have to increase the cuts that they make to expenditure, and possibly to services?

Helen Jones: My right hon. Friend has got it exactly right. In fact, throughout the passage of the Bill, we have seen that much more instability will be built into the system, whether that is on business rates or council tax localisation. The inevitable consequence is local authorities building up bigger reserves, because no local authority finance officer would advise their authority to do anything else; it has to be prepared for the worst-case scenario.

John Healey: My hon. Friend is making the case very cogently that council treasurers will take a prudent view; does she agree that that runs completely counter to the advice that councillors are getting from the Secretary of State, who is talking about reserves being "piggy banks", and who says:

"These untapped funds exist to ensure councils can respond to unexpected situations like the pressing need to tackle the nation's unprecedented level of debt"?

That advice clearly runs contrary to the principles of good local government, and it simply will not and cannot be followed by councils.

Helen Jones: My right hon. Friend is again absolutely right. The Government are a little schizophrenic on this, saying to local authorities, "Don't build up big reserves," while at the same time building instability into the system, which will require local authorities to build up bigger reserves.

Mr Mike Hancock: I agree entirely with the point made by the right hon. Member for Wentworth and Dearne (John Healey). The real problem is that local authorities that cut their reserves will be penalised by their district auditor, who will say that cutting reserves below a certain level is not stable local government. The right hon. Gentleman is right to suggest that the Government cannot have it both ways. This is putting pressure where it is simply not needed.

Helen Jones: That is a very fair point. The problem is that instability is being built into the system. My hon. Friend the Member for Sheffield South East (Mr Betts) said that one of the things about local government finance in this country is that it has always been relatively stable and did not have those risks—

Gavin Barwell (Croydon Central) (Con) *indicated dissent.*

Helen Jones: It is no good the Parliamentary Private Secretary chuntering away—it will have no effect. I spent years dealing with stroppy 15-year-olds on wet Friday afternoons, and he is no different.

Let us really look at this. If the Government are serious when they say, as the Housing Minister did when he spoke to the Communities and Local Government Committee, that councils should not avoid paying those who really need it, then they have to be prepared to meet the unforeseen costs. Why should a person living in a particular authority be penalised simply because a major employer in the area closes down or more pensioners

[Helen Jones]

claim? My hon. Friend the Member for Sheffield South East said that it is estimated that only between 57% and 66% of pensioners claim because council tax benefit is classed as a benefit. All those who are experienced in this area say that, once it is seen simply as a reduction in the bill, claims from pensioners are likely to rise. That is a good thing, but the costs have to be met, and it is unreasonable that entitlement for other people should depend on how many pensioners live in their area. They will be penalised because of an increase in council tax, cuts in other services or cuts in benefit to working-age people when the scheme is later revised. It makes no logical sense.

George Hollingbery (Meon Valley) (Con): Purely for the purposes of investigation, does the hon. Lady have any figures—I understand that there will be a wide variety across councils—for the percentage of spending power that is represented by the 10% cut?

Helen Jones: I could give such figures to the hon. Gentleman, but I am afraid that I do not have them at the moment, and they vary greatly from council to council. He raises an important issue. Local authorities that have many council tax benefit claimants will see a bigger cut in their spending power, and that is part of the problem.

Mr Kevan Jones: Although £55.1 million a year is paid out in council tax benefit in County Durham, less than £3 million is paid out in Hart district council in Hampshire.

Helen Jones: That makes the point very well.

George Hollingbery: Does the hon. Lady agree that the spending power of each of those councils is incredibly different and that the percentage change in their spending power represented by a 10% cut in the council tax bill, despite the varying levels of council tax bills, might be roughly similar? We do not know.

Helen Jones: I do not think that is correct. We will debate that with the next group of amendments, but I will make a little progress now.

The point of a national scheme is that risk is spread. If we move to a localised scheme, we must have some way of dealing with risk, but there is no way of doing that in this scheme. The Government cannot seriously argue that the closure of a major employer, for example, is a council's responsibility. I know that, according to the Government's "not me, guv" approach, nothing is their responsibility, but even they must accept that they are responsible for the national economy, not Warrington borough council, Nottingham, Carlisle or anywhere else. If a major employer closes, the local authority must have some way of dealing with it.

Our new clause would ensure that the Government's power to pay a grant is used to meet any shortfall if a scheme costs more in benefit than the Government had originally agreed to pay to a local authority. Ministers ought not to be too concerned about this, because after all they have to approve the schemes, and they are not being asked to make an open-ended commitment. They approve the scheme and how it works, but a cash-limited budget cannot cope with sudden surges in demand. In fact, the Government admit that in their own impact assessment, which states:

"If demographic changes or economic circumstances mean that eligibility for council tax support increases significantly then the consequence of switching"—

from annually managed expenditure to departmental expenditure limits—

"will be that authorities bear more of the risk of a shortfall in funds."

The risk of a shortfall or serious economic turbulence destabilising a local authority's finances and, what is more, the poorest people in the area having to pay the price is not something that any Opposition Member, or I suspect a few Government Members, can accept. We have tabled new clause 11 because we believe that it would deal with the problem, and it might be helpful if I let you know, Mr Crausby, that we will seek to divide the Committee on that when the time comes.

Annette Brooke (Mid Dorset and North Poole) (LD): It is a pleasure to serve under your chairmanship, Mr Crausby.

On the first string of amendments, we are focusing on the 10% cut, which leads to all the other problems identified in subsequent strings. I accept that in addition to the 10% cut there are unexpected changes in the number of claimants and that apparently there is no cushion for that situation. Although I do not support the amendments that have been put forward, it is important to flag up the problems, which must not be ignored.

Let us consider the situation for a council faced with setting up a new system. Any savings it will be able to make through localisation of council tax benefit will need to be offset against the administrative costs it will incur. I accept that there must be some savings, because otherwise there would not be the same need for external audit when money is sent to the council to cover payments, but will the Minister state explicitly where the money will come from for the inevitably large cost of setting up individual schemes, particularly in the first year. There is of course the possibility that councils will work together, which would reduce the administrative costs of setting up new schemes, but they would then lose the advantage of localisation, because even an adjoining local authority will have a different demographic make-up. As soon as we focus on the 10% cut, we think about the demographic make-up.

I share some of the concerns that have been raised across the House. Once we ring-fence pensioners—we probably all agree that they should be protected—we effectively put a gearing effect on everyone else. By the time we have picked out families with a disabled member and other vulnerable groups, the reduction in council tax benefit, which might have started as an average of £2 a week, will start escalating on the backs of just a few people to £6, then £10, all depending on the make-up of the local authority area.

Mr Raynsford: I am finding it a little difficult to reconcile most of the hon. Lady's speech and, in particular, her point about the impact of the 10% cut, which she clearly sees as damaging, with her earlier statement that she cannot support the proposed changes. Amendment 79 would quite simply allow the scheme to start on a revenue-neutral basis without the 10% cut, so what objection can she possibly have to it?

6.30 pm

Annette Brooke: At this point in time, it is easy to put such amendments forward, but one has to identify where the money is going to come from, and I shall touch on that in a moment, because there are two sides to the issue: first, what needs to be addressed, but, secondly, how we finance it. That is quite important.

Returning to the point I was making, I wish to emphasise that we all have constituents who come to us with a breakdown of their weekly expenditure, and we all know how little there is to spare in some of those budgets, so the possibility of losing £6 to £10 of benefit is truly frightening.

Mr Kevan Jones: The hon. Lady talks about constituents going to her surgery. When they start going in 2013, after their benefits have been reduced, will she tell them not just that she voted in support of the measure, but that it was brought in only because the Liberal Democrats supported the Secretary of State?

Annette Brooke: At this stage, we are debating, and I hope all trying to be constructive about, the direction in which we would like the Bill to go, and it is important to be constructive, rather than to look for an immediate political hit.

Returning to the point I was making—

Mr George Howarth (Knowsley) (Lab) *rose*—

Annette Brooke: I have given way several times, and I shall proceed in order to retain the flow of my speech. There are concerns, and it is right that we discuss how we address them.

A further concern is how the burden of the proposal is to be shared between the billing authority and any other authority that might be involved, such as a district or county council. I give the example of East Dorset district council, which last year had a revenue support grant of just £29 per head, meaning that it has very little flexibility with which to pick up any extra costs. So this is a matter not only of working with other councils, but of coming up with a clear solution to the issue.

I share the concern about whether the scheme can be introduced within the proposed time frame, which looks tight. The major software companies say that it cannot be done, but we know the timetable we are on: July for the Bill, October for the regulations and then the consultation on schemes. Can it be done? I want Ministers to address those questions and to give more thought to how the issue is going to be handled.

Mr Syms: There also needs to be consultation between local authorities. The hon. Lady represents two or three districts, and we in Dorset know that somebody can move from a home in Poole to one in Bournemouth or in east Dorset, but, if there are totally different housing benefit and council tax schemes in those areas, that too could have a perverse effect, so local authorities next door to each other will have to talk as well.

Annette Brooke: Yes, indeed. Such local authorities will need to talk to one another, and it will be difficult to get the right balance between a truly local scheme and work with adjoining authorities—I suppose I am talking about working across, horizontally and vertically. It is not clear from the Bill how a district council will cope with the issue

The string of amendments under discussion is about funding, and the concern all comes from the 10% cut. There are potential extra revenue streams, however, and they need to be addressed. I appreciate that point, given the modifications to the second homes and empty homes premiums, but it is unlikely that we will get an absolute match between the money that is lost and any money that might be gained, so we need to look at that aspect.

Helen Jones: Does the hon. Lady accept, however, that the second homes premium and, even, the empty homes premium do not apply in many local authorities? There are very few second homes in Warrington, so there will be no extra revenue going to the local authority from that premium.

Annette Brooke: The very point I was making is that there are variations throughout the whole country, so there needs to be some sort of stabilisation, contingency, transition—whatever we want to call it—because of the differences throughout the country and the possibility that the measure in the Bill will hit some very vulnerable people very hard. I make a plea to the Minister, even if he cannot give me the answers that I might want to hear today, to go away and look at all those issues, which have been raised on both sides of the House.

Mr Kevan Jones: It is a pleasure to serve under your chairmanship, Mr Crausby.

What we have seen from the hon. Member for Mid Dorset and North Poole (Annette Brooke) is a classic Liberal Democrat tactic: sit on the fence, give an impression—obviously with a leaflet out this weekend—of how she opposes and spoke against the proposal, and then go along and vote with the Government. I remind her, however, that if she and her Liberal Democrat colleagues choose to vote against the Bill, this Government will not get it through. Although she raises articulately the issues that will affect her local council, she cannot get away from the fact that, when these draconian proposals come in and affect many councils, including her own, there will only be one person whom they have to blame, and that will be her for voting for them.

I hope that, come the general election, people reflect on that point, because this is not about the Conservatives doing nasty things to Dorset, but about the Conservatives and Liberal Democrats doing nasty things to local government, and the hon. Lady is taking part in it. I am sorry, but I am not prepared to see her shed crocodile tears for the proposals and then troop through the Division Lobby. If she believed in what she was saying, she would vote against the measures and stand up for local government, a sector that I understand she comes from herself.

It was said last week that what local government requires is stability, and it does, but this is another example—we had one last week with the localisation of the business rate—of massive instability being introduced to local government. My hon. Friend the Member for Sheffield South East (Mr Betts) said that there was nothing wrong in principle with devolving council tax benefits to local councils, and I totally agree, but if it is brought in with a 10% cut, as the Bill proposes, and on

[Mr Kevan Jones]

the current time scale, it will have a massive effect on many local councils and individual recipients of council tax benefit.

Mr Mike Hancock: I do not agree with the benefits being devolved to local authorities, so what does the hon. Gentleman, who is arguing against localising the benefits under discussion, see as the real benefit of doing so?

Mr Jones: I would have no problem with a national scheme that was administered locally. The current system with the DWP is cumbersome, but I agree with the hon. Gentleman, because the Bill is going to create an absolute technicolour dreamcoat of schemes throughout the country, including some next door to one another, as we have just heard, in Poole, where two local authorities could have two completely different schemes because of their local circumstances.

However, this is a cleverly construed proposal, and we have to keep exposing what the Secretary of State is up to, because he talks about the devolution of decision making, which is what the measure is, but it is the devolution of decision making—with blame. He is instigating a cut of 10% in council tax benefits and saying to local councils, "Right, you decide how it will actually be administered." Then, when they take those tough decisions, he will stand back and say, "It's not my fault, it's the local council's fault." I remind Government Members that that will include Liberal Democrat and Conservative councils. They will have to make tough decisions. The Secretary of State is prepared to hide behind those councils. I accept that he has written off most Liberal Democrats and does not care about them, but the effect will also be felt by local Conservatives.

Amendment 79 is actually quite modest. It states that if we are going to introduce the new scheme, we should start on a neutral basis. It asks for a level playing field so that everybody knows where they are, with no 10% cut. We will talk later about time limits. The fact that this all has to be done by 31 January 2013 will scare many local authority treasurers to death. They are having to second-guess what contingency they will need to bring the scheme in.

The Bill makes no assessment of the differences between councils. Councils with a large number of council tax benefit recipients, which are mainly in the north of England, will not only have the problem of administering such large numbers of people, but will be disproportionately affected. I will give some examples. County Durham has 63,494 council tax benefit claimants, which is 15% of the population. That costs £55.1 million. In comparison, Hart in Hampshire has only 3,029 council tax benefit claimants, which is 4.2% of the population. That costs a mere 3% of expenditure. Likewise, the famous Wokingham, which we cited last week, has only 5,159 claimants, which is 3.9% of the population. That makes up 5.3% of the council's total expenditure. The 10% cut and the administrative nightmare of bringing it in will be a lot easier to manage for councils with a small number of council tax benefit recipients.

The Secretary of State talks about localism and devolving matters to local councils, but if we read the Bill carefully, we see that he has kept back powers for himself. If he is not happy with the scheme or a council does not implement it by 31 January 2013, he has the power, by order, to implement it. It is not clear whether he will intervene in that way if he is not happy with how a council implements the scheme.

The hon. Member for Mid Dorset and North Poole is correct that the problem with the scheme is that it comes with the 10% cut. It is important to look at the people who are in receipt of council tax benefit. The myth peddled in the media and by the Conservative party is that they are largely people on benefits. The statistics to September 2011 show that 5.9 million people are in receipt of council tax benefit in Great Britain. Of those people, 2.2 million are pensioners, who will not be affected by the scheme. Of the people who will be affected, 1.9 million or 33% are in receipt of standard non-passported benefits—that is, they are not claiming benefits—and the remaining 3.9 million or 67% are on various benefits. Of the people on benefits, 1.3 million receive income support, 600,000 receive jobseeker's allowance, 300,000 receive employment and support allowance, and 1.7 million receive pension credit. A large number of people, through no fault of their own, will see their incomes squeezed.

6.45 pm

Once the 10% is cut and the pensioners are taken out, if the number of recipients in an area grows through unemployment, for example, the local council will have two choices: it could cut benefits further, which is what some will do, or it could raise council tax to plug the gap. As we saw last week, the problem is that the ability of councils to raise council tax differs. In north-east England, where 50% of properties are in band A, the option for councils to raise council tax is limited, compared with Surrey, where the figure is 2%.

Will the scheme disproportionately affect councils with a large number of council tax benefit recipients? Yes it will. The 10% cut will lead to a lot of uncertainty over the next 12 months, because council treasurers do not know what income they will get. It will be difficult to bring the scheme in within the time scale set by the Government. As my hon. Friend the Member for Warrington North (Helen Jones) said, if there are large numbers of job losses in certain areas, will the councils be compensated? They will not be, under the proposed scheme. The burden will fall on deprived areas, causing them a double whammy.

When we discussed business rates last week, we talked about Alcan, a large employer in Northumberland that employs 500 people. If we lost that one employer, most of those people—most of whom live locally in Northumberland—would apply for council tax benefit. That would add a burden to the council, which is Liberal Democrat-controlled at the moment, but will not be for much longer if the proposals are passed.

The amendment is modest and asks only for a level playing field at the start. Having seen previous Governments mess around with local government finance, I warn the Minister that when things are done in haste, they always come to be regretted. I think that the Government will come to regret this proposal. When this mess happens, we need to say from day one that it is the fault not of hard-working local councillors, but of the Minister, the Government and the Conservative and Liberal Democrat Members who voted for it.

George Hollingbery: Some persuasive points have been made in the debate so far and I urge the Government to take them on board. However, I also find the Minister persuasive and I look forward to hearing what he has to say.

I wish to speak briefly about a funding issue that is not strictly related to the amendments. I hope that you will allow me to stray slightly off the selection list, Mr Crausby, on the basis that we are unlikely to have a stand part debate. I wish to talk briefly about parish councils. The hon. Member for Mid Dorset and North Poole (Annette Brooke) talked about horizontal and vertical integration, but I want to go downwards to look at parish councils and where their funding comes from.

At the moment, certainly in my constituency of Meon Valley, several parish councils take in council tax—or rather in precept—pretty much the same as the district council. As far as I can see from the Bill and the consultation on the Bill, there is no provision to pay any of the grant for reducing council tax to parish councils. There is mention of district councils, first-tier councils and precepting authorities such as fire authorities and the police, but as far as I can see there are no arrangements to compensate councils at parish council level for moneys they might forgo because people require council tax benefit. It seems to me that this issue needs to be dealt with.

In my area, Bishop's Waltham and Denmead parish councils would rely entirely on the beneficence and good nature of the city council to fund their activities if they were not directly grant-aided. I would love to hear the Minister's thoughts.

John Healey: It is a real pleasure to serve under your chairmanship, Mr Crausby.

I rise to support the amendments and new clause in the names of my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford) and my hon. Friends the Members for Sheffield South East (Mr Betts) and for Warrington North (Helen Jones). The problem, which my right hon. Friend the Member for Greenwich and Woolwich hits on directly in his amendment 79, is that council tax reduction schemes will be undermined from the start by the 10% funding cut and the constraints that the Government are putting in place to compensate for the problem that it will create.

Throughout the part of the Bill dealing with council tax, we consistently see hallmarks of the scheme that run contrary to the Government's declared aims. It shows a lack of true localism and a transfer of considerable financial risk from central Government to local government, which promises to have a severe impact on support for many current recipients of council tax benefit. The Bill also sets out an unrealistically and unfeasibly tight time scale.

The Secretary of State is more sophisticated than the image and manner that he often cultivates would suggest, but his politics on this matter are brutal and brutish. In my view, the intention is simply to transfer to local authorities the financial risk of the increasing cost of support for council tax costs. The Government want to get local authorities to take the blame for the cuts being imposed by central Government.

Financial risk is crucial for any local authority when it considers the future. Authorities are being asked to take on the new risk without the flexibility to allow them to discharge the responsibilities that they are taking on fairly, effectively or appropriately for their area. Whether the 10% cut leads to pressure on councils' funding, pressure for them to find cash from other sources or greater cuts for those who are not protected will depend on how the cut is distributed across local authorities, local decisions on the design of the scheme, the make-up of the population within an authority's area, the proportion of people who are protected by central Government and the degree to which the move from a council tax benefit to a council tax discount encourages take-up among people who are already entitled to support but do not claim it.

Central Government would not make this move if it affected themselves. As my hon. Friend the Member for Warrington North said, they are transferring what is currently annually managed expenditure—the current costs of the council tax benefit scheme are driven by factors that are not under the control of councils—to funding that is covered by the local government departmental expenditure limit. That will put an unrealistic and unfair funding noose around the neck of local government, because the year one base level will involve a 10% cut. My fear is that what could and should be a good move for local government and the people it serves—a locally designed council tax support scheme—is damaged and discredited before it starts by the design of the scheme.

Mr Mike Hancock: May I say how nice it is to see you in the Chair, Mr Crausby?

I wish to raise my concern about the fact that we are approaching 7 o'clock and will hardly get halfway down the selection list. The time available is totally inadequate. Goodness knows what the Government were thinking about, giving us just three days in Committee. It is an absolute travesty. I only hope that they will give us at least one whole day, and possibly two, on Report to allow debate on many of the matters that have not been discussed in Committee.

If the House is to do justice to the Bill, we should at least get a chance to discuss some of the very important amendments that have been tabled. I see them not as wrecking amendments but as helpful, creative amendments that would show the Government the strength of feeling in the House. Legitimate concerns have been raised from both sides of the House on this group of amendments alone, and if I were the Minister leading the Bill I would like to give the House more time to discuss them properly. If we are not careful, we will end up with a dog's dinner, which cannot be right or fair to local authorities.

The most important issue in this group of amendments is raised in new clause 11, with which I agree entirely. It gets to the very essence of what the Committee has discussed on previous days. It is about the stability and sustainability of local government and its ability to stay clearly focused on its task. Support for new clause 11 is essential to give local authorities a fair chance of implementing the scheme.

The Government have expressed no clear and positive view about what they can do to help local authorities. I ask Ministers what is wrong with new clause 11 if they

[Mr Mike Hancock]

believe in fairness and in giving local authorities a proper opportunity to get the scheme right. Who will benefit if it is got wrong? No one, least of all the people who claim benefits. Most of the blame will fall on local authorities, and once again we are going down the well trodden path whereby the Government decide to disrobe themselves of their responsibilities and pass them off to local government, but forget to put the resources in place to help things happen.

I do not suppose that at the end of this debate the Minister will dish out to Members a scheme that has already been concocted, so that they can take it back to their local authorities and say, "This is the scheme we want you to use. We've paid for it, we've got it in place, and all you've got to do is tweak it a little. It's tried and tested, and we're prepared to give it to you." That is not going to happen, is it?

Mr Kevan Jones: Does the hon. Gentleman not understand that the Secretary of State is a highly political individual who knows exactly what he is doing? He knows that he is going to save money by making this change, and he will give constituents in Portsmouth and Durham the impression that it is nothing to do with him but is down to the nasty councillors who are making the tough decisions.

Mr Hancock: The Secretary of State will be making a grave error of judgment if he thinks he is going to get away with that in Portsmouth, because I will be telling people there loud and clear where the responsibility for the change lies. Above all, I am disappointed that a Secretary of State who was groomed in politics in local authorities and who, having led one, has a fundamental understanding of their problems is not being more responsible towards something that I thought he cherished and cared for. Like the hon. Gentleman, I am disappointed, but I can assure him that people in Portsmouth will not have any illusions about where the blame lies.

Portsmouth is a local authority that is making reductions, and many hon. Members' local authorities are in the same position. People are losing their jobs, and here we are contemplating another burden that will be placed on them with not even an indication of what it will cost to put in place. I know from bitter personal experience, having led a local authority, how much money can be lost when authorities get the wrong advice on a system. Hampshire county council squandered literally tens of millions of pounds over a 20-year period on schemes that failed in one way or another, and I do not want that to happen again.

Where is the inspiration that we ought to be getting from the Minister about how we can resolve the problem easily? Where is the offer to meet the House halfway on this issue? Nowhere. That is disappointing. If there are to be localised benefit systems, I want us to find a way to get a scheme in place in good time, but in proper time. That cannot happen in the time scale before us. If we are to have a change in the system, it must be seen to be fair and properly implementable. The scheme cannot punish those who desperately try to get into work but are on low pay.

7 pm

The proposal is nothing other than a disincentive. How many of us would like to cope with losing £20 a week out of the minimum wage? How many of us would still believe that it was worth trying to continue to work? There is a disincentive, for which it is hard to find an excuse. I cannot. I hope the Minister can because I look to him to offer some wisdom about why people on a very low income, who will lose possibly as much as £20 a week, will not see the provision as specifically targeted at hurting them. I thought that we were elected to prevent that.

Mr Syms: I am listening carefully to the hon. Gentleman's passionate speech. Clearly, apart from potential costs for software and computers, a scheme will have to be drawn up and publicised. All the schemes will be different, which means that there will have to be a lot of publicity locally to ascertain what people are entitled to. We need some answers.

Mr Hancock: I agree entirely. Some hon. Members like me, have close-knit communities that are right next to communities in other local authorities. People on one side of the road will have a different scheme from those on the other side. It will be horrendously difficult to explain why one scheme prevails in Fareham and another in Portsmouth. Indeed, the hon. Member for Meon Valley (George Hollingbery) will have great problems, given the different districts that his constituency abuts. I therefore ask Ministers to consider seriously coming back on Report with something that shows they have heard the cry from local authorities. It is heartfelt and not just for effect. The Local Government Association has not done all that work to sustain its arguments without a great deal of effort.

In the spirit of trying to be constructive, I hope that if we are to have a day—or even two—on Report, creative thinking in the Department will soften some of the provision's effects. Otherwise, I shall vote against it not only tonight but on Third Reading.

Mr George Howarth *rose—*

The Temporary Chair (Miss Anne McIntosh): I call Gerald Howarth.

Mr Howarth: George—not only a different party, but an entirely different politics, Miss McIntosh.

It is a pleasure to follow the hon. Member for Portsmouth South (Mr Hancock). Both he and the hon. Member for Mid Dorset and North Poole (Annette Brooke) made a plea for constructive suggestions. I tried to intervene on the hon. Lady's contribution with a constructive suggestion, but I think she thought that I was going to be disagreeable, and she refused to accept my intervention.

Many hon. Members have mentioned the consequences of protecting pensioners in the overall scheme, and I will not labour the point. It is important to say at the outset that nobody on the Opposition Benches and, I am sure, elsewhere, disagrees with the principle that pensioners should be protected. It is an important principle, to which we all subscribe. The difficulty that we are trying to address is not the Government's decree

that pensioners should be protected but their failure to deal with the consequences of that in the context of a 10% overall cut.

Some contributions have referred to the impact. For example, the hon. Member for Poole (Mr Syms) wanted more information about how the proposal would work in practice. I would like to rely on a briefing that the special interest group of municipal authorities—SIGOMA—has given me. It is a local government representative group, but of a particular set of local authorities. It concludes that, to protect pensioners' council tax credit, the rest of council tax payers nationally will face a reduction of 17% rather than 10%. We are talking about averages, and we discussed the problem of averages earlier. The range means that, at the bottom end, the figure will be 13.4%, and at the high end, it will be 25.2%. Those who have concerns should take those figures into account.

I will talk about Knowsley shortly. It is a Knowsley problem—there is a distinct flavour of Knowsley to it—but every hon. Member will be confronted with it if the scheme is implemented in its current form.

Mr Kevan Jones: Does my right hon. Friend agree that the scheme will disproportionately affect constituencies such as his and mine in Durham, which not only have many people in receipt of council tax benefit, but a growing elderly population?

Mr Howarth: Yes. There might occasionally be disputes about the scale, but every demographer recognises that people are living longer and that there are therefore many more elderly people in the system.

Mr Syms: The right hon. Gentleman is making a powerful point, but is it not more likely that, rather than having a cut of 15% or 17% across the board, the numbers will be more limited, so some people will have a cut of 100% because not as many will qualify?

Mr Howarth: The hon. Gentleman is right. That underscores the point that he and others made earlier: to some extent, we are taking a leap in the dark. Several hon. Members have said that one of the difficulties with local government finance is that, when you change it, the impact is unpredictable. I do not need to rehearse the history of the poll tax to show that. The position that we are considering is exactly the same in that it is unpredictable and volatile.

John Healey: The effect is uncertain, but it is possible to make some projections. In my authority of Rotherham—a member of the SIGOMA group—if the pensioners are protected in the way in which the Government clearly believe that they will be, everyone else who is currently entitled to support, including many who work but get low wages, and therefore require and have a right to that support, will take a cut of not 10% but 19.5%.

Mr Howarth: My right hon. Friend makes a strong point, which I hope to tackle shortly.

Currently, many people, especially young people, have to accept jobs, often well below the level of their qualifications, on a minimum wage, at the same time as having to forge an independent existence from their families. I fear that they, or young couples with families, in which the principal earner is on a low wage, will be most affected and put in an impossible position, unless the discretionary powers that the Bill describes are spelled out clearly so that the outcomes cannot be arbitrary. We deserve to know at least what the Government are planning, and that should appear on the face of the Bill. Who are the classes of people? There are vague descriptions in schedule 4, but nothing is spelled out clearly.

I said I wanted to talk about Knowsley and the Liverpool city region. I am indebted to the director of finance in Knowsley for the impartial briefing he has given to me—it is a Labour authority, but he has provided advice on the basis of his financial experience and qualifications. His view is that the 10% cut combined with pensioner protection means that the benefit of other claimants will have to be cut by 18%. If there is provision for others in a local scheme—they could be singled out or ring-fenced—that 18% cut could increase to as much as a 100%, because people could be excluded altogether, as the hon. Member for Poole said.

Mr Kevan Jones: Does my right hon. Friend agree that those same people will also be affected by the Welfare Reform Bill? For example, some will lose money under the under-occupancy rule in addition to their losing their council tax reduction. Many such people are in work.

Mr Howarth: I am grateful to my hon. Friend. If he bears with me, I will cover precisely that point shortly in the context of the Liverpool city region, but I am sure the same trend applies in his constituency.

Mr Syms: Another question is whether we can differentiate council tax payers from non-council tax payers. What happens when there is a split household, in which one person is a pensioner and one is not? What happens when someone becomes a pensioner in-year? There will be so many months when they are not a pensioner and so many when they are. That also needs to be explained.

Mr Howarth: The hon. Gentleman, who is always fair and reasonable, makes a fair and reasonable point. I hope that the Ministers, who represent the two parties in the coalition, will at least take notice of the concerns that have been expressed from the Government Back Benches, even if they do not take notice of what Opposition Members say.

The Office for National Statistics estimates that pensioner take-up of Knowsley council tax benefit could be as low as 53%, but there could be a significant increase in take-up as a result of a localised scheme, which would place a disproportionate burden on other categories of people. If a greater number of pensioners take up the scheme, which is perfectly possible, the 18% I mentioned could be still higher.

My hon. Friend the Member for North Durham (Mr Jones) has been patient, so I shall speak about the effects of other measures. It is important that the changes are not taken entirely in isolation. We will talk about welfare reforms tomorrow, but a series of measures will combine to hit some of the poorest in society.

[Mr George Howarth]

When Labour was in government, I remember the Opposition hammering us by saying, "Well, the Institute for Fiscal Studies says something different from what the Government say." If that is good for Conservatives and Liberal Democrats when they are in opposition, it is good for Labour Members. "The Impact of Austerity Measures on Households with Children"—an IFS report published this month and produced on behalf of the Family and Parenting Institute—found that the planned changes in the tax and benefit system, including those to council tax benefit, will hit the incomes of families with children the hardest. The IFS estimates that the measures will increase child poverty by 2014-15, with the poorest families being around 10% worse off.

Mr Kevan Jones: Will my hon. Friend give way?

Mr Howarth: I will give way in a minute. I just want to finish my point. The measure in the Bill combined with other measures will have a devastating effect on some of the poorest families in our communities.

Ian Mearns (Gateshead) (Lab): This morning at the Select Committee on Education, I asked the Secretary of State for Education whether his Department had done an impact assessment of the benefit changes on children's welfare and educational prospects. He said that as far as he was concerned, that had not been done but it should be done. Is that a good idea?

7.15 pm

Mr Howarth: My hon: Friend makes his point well with his experience of that Committee sitting. I absolutely agree with the sentiment behind his question.

I want to return to what the hon. Member for Mid Dorset and North Poole said on that point. She is respected on both sides of the Committee for her long and distinguished record of campaigning on behalf of children. I hope she reflects on the fact that child poverty is likely to increase because of the combined effects of the Bill and the other measures that are currently trundling their way unevenly through the benefits system.

Liberal Democrats who have spoken in the debate, and the hon. Member for Poole, made sensible suggestions to get around that problem. The problem, as many Opposition Members and others have highlighted, is that we are being asked to support a measure that contains massive uncertainty. If we get it wrong, some of the poorest in our communities will suffer the most.

My intention in speaking to the amendments is to support amendment 79, which is in the name of my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford), amendment 85, which is in the name of my hon. Friend the Member for Sheffield South East (Mr Betts), and new clause 11, which is in the name of my hon. Friend the Member for Warrington North (Helen Jones), but I have a serious suggestion that I believe would command support on both sides of the Committee. I suggest that the provisions should be delayed until they can be aligned with the universal credit system. At that point, a realistic estimate can be made of the impact of the combined changes on those poorest families. That is the only way in which we can ensure that there is fairness in the system, and that those who stand to lose the most are not the most penalised.

I should tell Ministers, one of whom will respond to the debate shortly, that all the evidence from reputable sources suggests that the poorest people in our communities will suffer the most, and that child poverty will increase. I am sure they do not want that to happen. My suggestion is therefore reasonable. I doubt they are briefed to accept it today, but I hope they will reflect on it.

Mr David Ward (Bradford East) (LD): We are in the same position as we were in last week, in that we are discussing a measure to which most Members agree in principle. Perhaps not all Members agreed on business rates, but we are discussing consequences.

My understanding—we have been told—is that the sums show that the measure balances itself out nationally, whether at £420 million or £500 million.

Mr Kevan Jones: No it does not.

Mr Ward: Whether the hon. Gentleman believes it or not, that is what we are told. The real issue is the local ramifications—winners and losers area by area.

Mr Jones: Will the hon. Gentleman give way?

Mr Ward: Let me just get on. I want to develop my thoughts if I may.

Mr Jones: But that statement was wrong!

Mr Ward: It does not really matter because we are talking about local ramifications—how the measure affects each area and what each area will be required to do to make up for lost council tax benefit.

The question is where the money will come from to make up the gap, and there are a couple of answers. First, there are the new freedoms that will be extended to local authorities, and locally determined schemes will generate a lot of additional funding. Members have raised the issue of pensioners being protected, and that will pass the burden on to other people.

Mr Kevan Jones: Will the hon. Gentleman give way?

Mr Ward: No. Just sit and listen.

The Temporary Chair (Miss Anne McIntosh): Order. Will the hon. Member for North Durham (Mr Jones) contain himself?

Mr Ward: I sincerely doubt it, but thank you, Miss McIntosh.

Members have noted that if pensioners are protected, the burden will have to be picked up by others, who may be on low incomes. *[Interruption.]* That is not necessarily the case, because we do not know what the new freedoms will generate, and they may generate sufficient funds to make up the gap.

As a result of the proposals, Bradford faces a £4 million loss in council tax. The figure for the funding that will be generated from the new-found freedoms, if they are extended to new areas, is actually very substantial, and it is not far off that £4 million figure.

Helen Jones: Will the hon. Gentleman give way?

Mr Ward: No.

However, that is not really the point. It does not really matter whether those two figures equate. If they do, it will be pure fluke and pure coincidence. If a local authority can generate sufficient funding from the new freedoms to cover the loss in council tax, it will be sheer fluke, and a policy cannot be based on fluke. The certainty of loss will be there, without the certainty of gain. The certainty of the Government withdrawing the 10% will be there; the uncertainty of what can be generated at this time is clear for all to see.

In addition, the collection costs for the alternative sources of funding for the exemptions on classes A, C and L could be enormous. We must take account of the cost of the arrears and the cost of collecting those additional sources of funding. The Government's position is, "Don't worry. You may be losing council tax, but your new-found freedoms will easily generate the funds required to balance that." However, that is simply not guaranteed authority by authority, and it is based on sources of funds that it will be difficult to collect in some cases. There are huge differences when it comes to residents telling their council, "I've got an empty property. Give me a discount" and residents saying, "I've got a second home. Please tax me."

Mr Kevan Jones: There are a lot of second homes in Bradford.

Mr Ward: There are, actually, several hundred second homes in Bradford.

If authorities cannot generate funding from the new-found freedoms, the other answer is for them to find it somewhere else in their budget. They have this wonderful freedom to find other areas where they can balance the books. The problem is that council tax is likely to be high in areas of high need. Areas of high need will have high formula grant, and areas of high formula grant will have suffered a large cut in the local government settlement. All those things together mean that the risk, or the uncertainty people have talked about, is disproportionately likely to hit more deprived communities.

I think it was the hon. Member for Meon Valley (George Hollingbery) who said that 10% is 10%. There may be a lot more council tax in monetary terms in Durham or Bradford than in Meon Valley, but 10% is 10%. However, that is not really the issue, because more deprived, less affluent areas will be disproportionately harmed, given that they have disproportionately more council tax recipients. That is not fair, but the issue of fairness cannot be assessed until the thing has run its course, and we have developed all the possible ways that an authority may have of generating funds.

Of course, there is the issue of whether the software can be introduced, but there are also the unanswered questions. How will the future growth in claimant numbers affect the 90% base in terms of eligibility? Opposition Members talked about the low level of claims by certain groups, such as pensioners, where 65% of those who are eligible actually claim. What will the scheme do to protect authorities from the growth in claimant numbers as a result of increased take-up or deteriorating economic circumstances? What is the situation with the administration grant for council tax support? When will authorities know about that? Where is the evidence that has been collected about the relative difficulty of collecting some of the income from the new potential sources of income? Where is the evidence that that will be done?

Finally, the proposals are clearly Treasury driven. Most people here have at heart local government and the local government system. That is why we have a generally positive response to localisation measures as they affect local authorities, although we understand that local government must make a contribution to tackling the deficit, as it has through the local government settlement. However, instead of treating local authorities as cash cows, why could we not have treated them as partners in deficit reduction? Why could we not have gone go them and said, "We will keep the council tax, and we intend to reduce council tax benefit over a period of time. In the first year, having given you that warning, we will extend new powers and freedoms to you to collect tax and remove some exemptions. You will yield the money that is generated from them to the Exchequer, so you will keep your council tax, and there will be no 10% cut, but it is on its way. In the meantime, you should generate additional funds from the new freedoms you will be given and yield those funds to the Exchequer in the first year. You will then be weaned off that over a period of time." In the spirit of the business rates, why do we not do that, with some reward to those authorities that take up the challenge of extending the council tax base by generating money from new sources?

There was a different way to tackle this issue.

Mr Kevan Jones: Vote against it.

Mr Ward: I am going to. Unlike the hon. Gentleman, I am not a party lackey. Sometimes, we have to vote the right way, not simply the way the party tells us.

7.30 pm

The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell): We have had a wide-ranging debate, and I shall do my best to respond to the key arguments made, quite a few of which spilt over into subsequent groups of amendments, if I may say so. If, as a result, I miss out some of the points, I hope that hon. Members will return to them later. I look forward to it.

The amendments have one fundamental problem: they make it impossible to secure a reduction in Government expenditure on council tax support. Even the Opposition have conceded that those savings must be made in order to tackle the deficit. Spending on council tax benefit has risen from £2 billion in 1997 to £4 billion, and it is essential to bring that back under control. The savings from localisation are a vital contribution to deficit reduction, and it is essential that we have a credible deficit reduction plan. I understand the points of view expressed. It would be much easier to have this scheme without deficit reduction, but it is an unavoidable part of the scheme.

Helen Jones: First, does the Minister accept that the increases in council tax benefit have been driven not by an increase in claims but by increases in council tax? Secondly, will he explain why he believes that the burden of deficit reduction should fall on the poorest people?

Andrew Stunell: On the first point, I agree that it was due to the fact that council tax doubled while Labour was in government. On the second point, as I shall demonstrate—I hope that this expands on the point

[Andrew Stunell]

that my hon. Friend the Member for Bradford East (Mr Ward) made—the Bill not only deals with deficit reduction but creates opportunities for local authorities to collect more council tax in other areas. I will come to that in a minute or two.

Taken overall, our reforms will give local authorities a stake in providing support for council tax, which they have not had before, and will strengthen the incentive for local authorities to support residents back into employment, which in turn will reduce demand for support. Localisation gives local authorities significant control over how that reduction in funding is achieved, and it enables councils to design schemes reflecting local priorities.

I want to pick up on a point made a couple of times about whether the Secretary of State would approve schemes. The Secretary of State is not required to approve schemes, and local authorities do not have to submit schemes for approval. The important points are that the schemes should be transparent and that local authorities should be accountable to the law and local areas but not to the Secretary of State.

Amendments 79, 80 and 85 would, in effect, guarantee that there would be no reduction in funding to local authorities and leave authorities with no plan to reduce that funding. In the context of the wider deficit reduction programme, that is neither affordable nor sustainable.

Mr George Howarth *rose—*

Mr Raynsford *rose—*

Andrew Stunell: I give way to the right hon. Member for Knowsley (Mr Howarth).

Mr Howarth: The Minister just asserted that the Secretary of State does not have any locus in this system. Will he explain, therefore, why paragraph 2(8) of schedule 4 reads:

"The Secretary of State may by regulations prescribe other requirements for schemes"?

What is that if not the power to intervene?

Andrew Stunell: It is a power to intervene but the Secretary of State does not propose to intervene on schemes. [Hon. Members: "Why's it in there then?] The Secretary of State always has reserve powers. Right hon. and hon. Members have asked what is the system of checking, of feedback and of amendment to the scheme, and that is always provided for in regulations. That is the basis on which we are proceeding.

Several hon. Members *rose—*

Andrew Stunell: I want to make some progress.

It is essential that local authorities plan their schemes carefully and take account of possible changes in demand, as pointed out in the debate. As we have set out previously, we believe that those in-year pressures that hon. Members have mentioned can be managed by enabling any deficit in the collection fund to be shared between billing and major precepting authorities. Our scheme will do that. We are taking powers in the Bill to allow billing authorities to make arrangements with major precepting authorities and to vary the amount of precept to be paid to the major precepting authorities in-year to rectify any shortfall in council tax receipts. That could help to protect billing authorities, which could include small district councils—my hon. Friends mentioned that some district councils are indeed small organisations.

Amendment 85 would require the Government to carry out a new burdens assessment on their allocation of grant, but the Government have already committed to consult on their proposals for distributing the grant. We must be clear that local authorities have to make choices, but they will be able to choose whether to pass on the reduction to council tax payers, to use the flexibility over council tax, which my hon. Friend the Member for Bradford East mentioned, or to manage the reductions within their budgets.

To the best of my reckoning, 12 local authorities come within the constituencies of Members who have spoken in this debate, and 10 of those local authorities are in a position whereby if they were to take advantage of the new flexibilities over second homes and empty homes, they would achieve an income increase exceeding the 10% reduction in their council tax benefit grant. I am not saying that it is right for local authorities simply to gobble up all that money, but I want to make the point—

Mr Raynsford: Will the Minister give way?

Andrew Stunell: In a moment. I realise that I failed to give way to the right hon. Gentleman earlier. I will do so in a moment.

As the impact assessment makes clear, the reduction in the council tax benefit fund to local authorities in England is in the order of £420 million. Furthermore, as is also set out clearly in the impact assessment, the total of both the discounts and the other arrangements recoverable from the local tax changes also equal about £420 million. My hon. Friend the Member for Bradford East is right that there is not an exact match between the increase and the decrease, but it remains the case that three quarters of local authorities find themselves in a position whereby should they go down that route, they would have the funding.

It is also open to local authorities, however, to look elsewhere and to put additional money into their council tax reduction funding, and of course they can change the basis on which they allocate that funding.

Mr Raynsford: I thank the Minister for finally giving way. He previously said that the Secretary of State did not intend to use his powers to define schemes. That extraordinary claim was the reason I wanted to intervene. We will shortly come to a group of amendments dealing with the Secretary of State's default powers and his power to impose a scheme if a local authority does not have one in place. Will the Minister tell us whether the Secretary of State does not intend to use those powers either? If so, why on earth are they in the Bill?

Andrew Stunell: Of course, it would be sensible to debate that matter when we come to the next group of amendments, and I look forward to it. I want to make it clear, however, that the Bill states that if a local authority has failed by 31 January next year to put in place a

scheme, by default the existing scheme will continue, and that is what the Secretary of State has the power to ensure happens.

Amendment 85 would require the Government to carry out the new burdens assessment, but we are already committed to doing that. We must be clear that local authorities do the job that they have been set. They have the opportunities to raise money in alternative ways and to devise a scheme that is suitable to their circumstances. As for the administrative cost, we have already made it clear that we will be fully following the new burdens doctrine that this Government have set out. The Government will therefore be working with local authorities to assess the net impact of housing benefit centralisation and the localisation of support for council tax, including the transitional costs, which will be covered, where necessary, by the new burdens doctrine.

Mr Betts: The Minister talks about working with local authorities. Presumably the Government have a view about that, despite what they say local authorities might be able to achieve by way of extra revenue generation. He has already admitted that at least a quarter of authorities cannot raise enough money to offset what they have lost under the scheme that we are discussing. Does he therefore accept that non-pensioners in those authorities—which are likely to be the poor authorities, with the highest percentage of people claiming council tax benefit—are going to suffer what the Local Government Association predicts will be cuts of around £6 a week?

Andrew Stunell: No, I absolutely do not accept that. The average reduction if local authorities do not put any extra funding into the pot, from any source at all, is £2.64 per household per week. Every local authority—even those that do not have complete recompense of the one pot of money from the other—will still get significant inputs from the discount scheme, which local authorities can, if they choose, take into account. I therefore ask the right hon. Member for Greenwich and Woolwich (Mr Raynsford) to withdraw his amendment, and I ask my hon. Friends to vote against it if he does not.

Mr Raynsford: We have just heard an absolutely lamentable performance from a Minister who is trying to wash his hands of responsibility for an outrageous scheme that has been designed in a way that reflects very poorly indeed on the members of the parties that comprise the coalition. This is a crude scheme which is seriously cutting the benefits that, at the moment, go to literally millions of poorer people—some in work, some over pension age, some not in work but under pension age. All those people—about 6 million nationally—are dependent on the existing scheme. The Government, in their wisdom, have suddenly imposed the idea that the scheme can be cut immediately, from year one, by 10%. They are then imposing further rules that involve a much larger cut on all those people who will not be protected by the Government's diktat.

The Minister tries to weasel away from all that by using the figure of £2.40 or so for the average loss. He knows very well that, in proportion to the average claim that people receive at the moment, that means an average cut of 16.7% in benefits to poor people. On top of that, there are the other appalling features: all the risk being transferred to local authorities, which will have to cope with unexpected increases in cost without any Government support whatever; the possibility of an increased number of claims, because, perfectly rightly, people who currently do not claim the benefit may do so when it is no longer called a benefit and they can feel more comfortable about making a claim. Who bears the cost? Not the Government: once again, it is the local authority that has to bear the cost.

On top of that, we have the appalling timetable for implementation. The Government have not got their regulations ready. They will not have them ready, we are told, until late summer; and yet local authorities will be expected to implement this—a whole new scheme, requiring new software, new application forms and new procedures—in a matter of months. All the experts are telling the Government that it will not work and that it will be a catastrophe. Against all that advice, coming from authorities all over the country and here in the Chamber—virtually every Member who has spoken has expressed serious reservations and called on the Government to think again, delay and allow time for this scheme to be got right—the Minister just tries to dismiss it. This is a lamentable performance, and I intend to press amendment 79 to a vote, so that we can say that to the Government.

Question put, That the amendment be made.

The Committee divided: Ayes 233, Noes 291.

Division No. 446] **[7.44 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael

Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Elliott, Julie
Ellman, Mrs Louise
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hamilton, Fabian
Hancock, Mr Mike
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Vaz, rh Keith
Walley, Joan
Ward, Mr David
Watson, Mr Tom
Whitehead, Dr Alan
Williamson, Chris
Wilson, Phil
Winnick, Mr David
Winterton, rh Ms Rosie
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Mr David Hamilton and Chris Ruane

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Andrew, Stuart
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burns, rh Mr Simon
Burrowes, Mr David
Burt, Lorely
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Drax, Richard
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles

Herbert, rh Nick
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Mills, Nigel
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vara, Mr Shailesh
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
James Duddridge and Stephen Crabb

Question accordingly negatived.

The Temporary Chair (Miss Anne McIntosh): In view of the debate that we have just had, and the nature of the next two groups of amendments, I inform the Committee that I am unlikely to allow a separate debate on clause 8 stand part.

Helen Jones: I beg to move amendment 66, page 5, line 6, at end insert—

'(1A) In exercising its powers under section 1(b) the authority must have regard to the impact of the scheme on—

(a) those persons in the area who are in employment or actively seeking employment, and

(b) the levels of poverty in the area, including the levels of child poverty.'.

The Temporary Chair: With this it will be convenient to discuss the following:

Amendment 49, page 5, line 17, at end insert—

'(4A) In exercising its powers under subsection (1)(b), each authority must have regard to the impact of its scheme on the living standards of those persons in its area who, prior to the introduction of the scheme, were receiving council tax benefit.

(4B) In exercising its powers under subsection (1)(b), each authority must have regard to the impact of its scheme on the living standards of those persons in its area, below pensionable age, who are in employment or are actively seeking employment.'.

Amendment 59, page 5, line 28, leave out '2013' and insert '2014'.

Amendment 60, page 5, line 29, leave out '2013' and insert '2014'.

Amendment 67, in schedule 4, page 47, line 6, at end insert 'and set out the steps which the local authority will take to ensure that—

(a) persons entitled to a reduction will be made aware of their entitlement, and

(b) assistance is available to such persons who wish to make an application.'.

Amendment 56, in schedule 4, page 48, line 7, at end insert—

(e) require authorities to have regard to the impact of its scheme on—

(i) the numbers of persons in its area expected to receive a greater or lesser reduction in council tax than that which they had been entitled to receive under council tax benefit, and the amounts by which their entitlement are likely to increase or reduce,

(ii) the living standards of such persons,

(iii) the financial incentive on persons below pensionable age to seek or maintain employment.'.

Amendment 68, in schedule 4, page 48, line 15, at end insert—

'including local charities, organisations providing advice on benefits and organisations representing older people.'.

Amendment 54, page 48, line 39, at end insert—

(f) include estimates of the likely impact of its scheme on the living standards of those persons in its area who have been receiving council tax benefit.'.

Amendment 57, page 48, line 44, leave out '2013' and insert '2014'.

Amendment 58, page 49, line 5, leave out '2013' and insert '2014'.

Amendment 70, page 49, line 13, at end insert—

'In considering the need for replacement or revision of the scheme the authority must have regard to the impact of any such revision or replacement on the living standards of people in the area including—

(a) those of working age in employment and actively seeking work,

(b) those in receipt of benefits including disability benefits, and

(c) persons of pensionable age.'.

Amendment 71, page 50, line 23, at end insert—

'Before issuing such guidance the Secretary of State must have regard to the impact on—

(a) those of working age in employment and actively seeking work,

(b) those in receipt of benefits including disability benefits, and

(c) persons of pensionable age.'.

Helen Jones: This group of amendments deals with the impact of the proposed changes in council tax benefit on some of the poorest people in the country. One of the keys to this issue is something that we started to debate when discussing the previous group of amendments—the fact that people in the same circumstances will no longer receive the same type of benefit. Entitlement will depend on where a person lives and on the population of that area. That is a major change to the way that we treat people in this country. The circumstances of someone who lives in Birmingham could be exactly the same as those of someone living in Bradford, but their benefit could now be different. Someone who lives in Chichester could be treated differently from someone who lives in Carlisle.

8 pm

The basic unfairness is staggering, especially when combined with a 10% cut in the funding available to local authorities. As we heard in respect of the previous group of amendments, there has been a switch from annually managed expenditure, whereby local councils were reimbursed for correctly processed claims, to grants that will have to come within the departmental expenditure limits. The impact is clear: far from achieving the Government's stated grand aim in the consultation—to

"give councils increased financial autonomy and a greater stake in the economic future of their area"—

the measure simply transfers the financial risks to local councils and hits the poorest people hardest, especially the working poor. What is frequently forgotten in this debate, not least by the Government, is that many people receiving council tax benefit are in work.

The Government say that they want to protect pensioners—and rightly so—but the consequence of the decision, coupled with a 10% reduction in funding, means that those in local authorities with a high proportion of pensioners will suffer more than those in an area with fewer pensioners. How can that system be fair? As we heard from my hon. Friends earlier, the reductions for those of working age will range from 13.4% to 25.2%—a national average of almost 17%. Of course, that situation could get worse. The Government have said that they are minded—only minded—to base their funding on previous expenditure. As a result of that, spending will no longer rise to meet changes in demand. It is, in effect, a cash-limited system. If unemployment rises and more people need to claim, and if more pensioners claim—quite rightly under this system, as we heard earlier—that must be paid for.

Mr Kevan Jones: Does my hon. Friend agree that, contrary to the impression given by the Minister in his winding-up speech on the previous group of amendments—that use of the flexibility on second homes, and growing the economy, could make up the difference—the only option available to most councils is to raise council tax and that councils with a high proportion of band A properties will be at a severe disadvantage when it comes to the amount of money they will be able to raise?

Helen Jones: My hon. Friend is, of course, right. In trying to remedy the problem, the most disadvantaged councils will be those with the lowest tax bases. That has been true throughout all our discussions on the Bill. If demand goes up, councils will be faced under this scheme with either bearing the extra cost or, more likely, redesigning their schemes to restrict the number of those eligible. The Chartered Institute of Housing said it very clearly: council tax benefit awards will be

"squeezed precisely at the point at which there is the most need for help amongst low income households."

London Councils estimated that if this scheme had been in place earlier, a shortfall of £400 million would have been faced in the five years to 2009-10.

The Government say that councils can do something about this. The Minister for Housing and Local Government says, in what I have to say reads like a rather garbled piece of evidence to the Select Committee, that considering whether to pass on the 10% reduction to claimants or to find the money elsewhere was "old-school thinking"—or what the rest of us might call "doing your sums". I am sure that councils facing these cuts will have been relieved to hear that they could reduce the bill

"not by unfairly not paying people who are vulnerable and need it",

which seems to me to be the precise effect of this scheme; no, he said, councils should be ensuring that there is

"a definite interest in starting up that new industrial estate, business park and getting economic activity going so there are jobs."

Let me say this slowly, so that Ministers can understand it. If a firm closes down or lays off staff, a new business park does not open up the next day. People are out of work; they claim benefit; and if there is not enough money to pay that benefit, councils either have to cut what is available or find the money somewhere else from budgets already facing massive cuts. It is staggering to hear a Government who have presided over a rise in unemployment to 2.6 million and who have seen the economy flatline lecturing local councils about the need to open business parks. Only the Minister for Housing and Local Government, whose overwhelming self-confidence is matched only by the staggering depths of his ignorance, could come out with such nonsense.

It is not surprising that the Select Committee was unimpressed, saying:

"We have seen little evidence to support the hope that the new and better-paying jobs for individuals, immediately sufficient to offset the 10% reduction in the benefit budget will inevitably follow from these incentives."

It continued to stress what we have talked about throughout this Committee stage—that

"the means of economic growth are never solely in the gift of individual local authorities."

It is, of course, precisely the authorities that have already borne the brunt of the Government's cuts that will find themselves in most difficulty with this council tax scheme.

The New Policy Institute estimated that five out of the 10 hardest-hit local authorities are among the top 10 most deprived areas in the country: Hackney, Newham, Liverpool, Islington and Knowsley. In the Liverpool city region, for example, the current proposals would result in cuts of between 17% and 23% for people of working age—those who are not pensioners. Let me give one example. A single person in Halton in a band A property would have to find £179.92 a year extra. In Sefton, which has a higher than average number of pensioners, a minimum reduction of 23% will be required for people of working age. A couple living in a band A property would have to find an extra £226.72 a year.

Those might not seem large sums to Government Members, but to people who have to count every penny, who sometimes run out of money before the end of the week, they are simply impossible to find. That is why we have tabled these amendments—to ensure that the needs of people of working age and those in poverty are taken into account. Where is this extra money going to come from? Do Government Members believe that it can be somehow magicked out of thin air? This does not even provide incentives to work, even if there were jobs to go to. The Government are not clear about the vulnerable households that should be protected. They have made it clear that they want to protect pensioners, but they are singularly unclear about other vulnerable groups. If, as is likely, local authorities will have to protect those on employment and support allowance, jobseeker's allowance and income support, there will have to be an even bigger cut for the unprotected group—overwhelmingly the working poor. We have a Government who claim that they are freezing council tax, but they are actually increasing it for those least able to pay.

Heidi Alexander (Lewisham East) (Lab): Some people who pay no council tax at present may find themselves paying it for the first time, while others who pay some at present may find themselves paying more. It is hugely, and sadly, ironic that, while claiming that they are enabling councils to freeze tax, the Government are increasing it for the poorest members of our communities.

Helen Jones: I could not have put it better myself. An especially ridiculous aspect of the proposals is that the extent to which a council is hit will depend largely on the number of pensioners who live in the area. It is essentially a matter of chance. Moreover, if people on passported benefits are protected, it is possible that those in work will face a cut of up to 40%, which would wipe out any gains from the raising of personal allowances. The Government have absolutely no right to boast about a tax cut when they give with one hand and take with the other.

We are attempting to ensure that at least the needs of those of working age are not forgotten when councils draw up the scheme. I fully accept that Labour councils will try to do that anyway, although they have been hamstrung by the Government, but I do not believe that Government Members have demonstrated during our debates on the Bill that they understand how much these sums mean to the very poorest people. If I may use the Prime Minister's words, they do not get it. They do not understand what it is like to run out of money before the next wage packet or benefit payment. They do not understand what it is like to have to choose between paying a bill and buying the children a new pair of shoes.

Mr Kevan Jones: Did the Minister not make it clear earlier that he "did not get it" when he dismissed a 16% decrease in council tax benefit as though it were loose change?

Helen Jones: My hon. Friend has hit the nail on the head. The problem is a lack of understanding of the fact that trying to find even an extra couple of pounds a week is simply impossible for those on such tight budgets.

This ill-thought-out scheme, which even Government Members agree is being rushed through, is full of holes. First, the Government have failed to align it with their much-hyped universal credit. Most of us would assume that a universal credit would be—well—universal, but that is not the case in this instance. Council tax benefit is to be split from universal credit: there will be one national scheme, another local scheme, two sets of administrative costs, and a huge scope for anomalies. Secondly, the Government are introducing a 10% cut while protecting pensioners. Thirdly, they want schemes that will not create work disincentives.

In a parliamentary answer to my right hon. Friend the Member for Leeds Central (Hilary Benn) on 17 June, the Under-Secretary of State for Communities and Local Government, the hon. Member for Bromley and Chislehurst (Robert Neill) said:

"The Government intend that the general principles of supporting work incentives will be set out in guidance"

—guidance that the Secretary of State will provide, although the Minister tells us that he did not want to interfere in the schemes—

"which will help local authorities to design support."—[*Official Report*, 17 January 2012; Vol. 538, c. 629W.]

How on earth can that work? Families will face two means tests, one for universal credit and one for council tax benefit, along with one set of national rules and

[Helen Jones]

goodness knows how many local rules. There will be one taper for universal credit; if councils fix a different taper for council tax, how can there be an integrated benefits system? If the taper is fixed at the same rate, when will it be calculated, before or after the calculation for universal credit? It simply will not work, and the people who will pay the price are the most vulnerable members of society: people who have lost their jobs, and families who are trying to do the right thing by going out to work for poverty wages. They will find themselves in an absolute mire.

8.15 pm

Mr Jones: As was pointed out earlier, different councils may operate myriad different schemes. Would that not make people's search for work more difficult? In central London, for example, some schemes might be advantageous while others would make it hard for people to move around to find work.

Helen Jones: My hon. Friend is right; indeed, Government Members expressed similar reservations during our earlier debate. Such a disincentive is precisely the opposite of what the Government say they want.

Mark Tami (Alyn and Deeside) (Lab): It is the people my hon. Friend has mentioned—those who are on the poverty line and do not have any spare cash—who will be in arrears with their council tax. Every day in our surgeries we see people who tell us that the bailiffs are about to arrive. How can the Government's proposals possibly help?

Helen Jones: They will not help those people, and they will not help councils. We discussed the financial risks for councils earlier, but one of the main financial risks is an increase in the number of defaults because people are simply unable to pay—and, indeed, there is no evenness in that situation. In North-East Derbyshire 49.4% of recipients of council tax benefit are pensioners, while in North Kesteven the proportion is 53.2%. People living there face a bigger cut than people living in, say, Luton, where the proportion is only 28.2%. The scheme will subject people to cuts that are entirely arbitrary and unfair, while transferring the risk to local authorities. Many people will find themselves in real financial difficulty, while councils' collection rates will fall.

Amendment 67 would require local authorities to make people aware of their entitlement to council tax benefit, and to give the necessary assistance to those who wish to make an application. I believe that good councils will do that anyway, but the Bill puts such pressure on local authorities that some—albeit, I believe, very few—will be deterred from seeking out claimants and informing them of their rights. Authorities are currently reimbursed monthly for expenditure that they actually incur, but the Government intend to pay grants, and we do not know what methodology they will use to set the level of those grants. Although they have promised to set allocations annually for the first two years, there is no certainty about what will happen after that.

The Government have already said, in their response to the consultation, that

> "multi-year allocations would provide greater certainty and better allow local authorities to benefit financially where demand for support was reduced over several years."

I think my hon. Friends will see immediately where that is going, because we have seen it before. I am talking about the creation of incentives for councils to reduce claims. In a time of economic uncertainty, and when the economy is flatlining, we cannot reduce those claims by bringing in lots of jobs, because the jobs are simply not there for people to get. Not only will local authorities that are experiencing increasing unemployment or falling wages leading to new claims be penalised, but the Government are already considering how to build in incentives to reduce claims.

There will clearly be pressures on local authorities. They will take all the financial risks associated with the possibility of demand exceeding supply, and they will also have to deal with the extra costs of setting up the scheme—which may or may not be fully reimbursed—as well as the costs of revising it regularly, of notifying people about it and of appeals. That final subject has hardly been mentioned so far in our debate, but appeals could well be considerable when people find that their entitlement is being cut. If we add in the Government's desire to move to multi-year settlements, we can all see that there is a genuine risk of the number of claims being driven down.

That is why we have tabled the amendment. We want to ensure that local authorities must take proper steps to publicise their schemes, and also that they assist those facing difficulties in applying, perhaps because of disability or because they are not sufficiently literate or numerate and do not understand the forms. We have all come across such constituency cases. Having rights is of no use if people are ignorant of them or cannot exercise them, so it is only fair and reasonable that these safeguards should be built into the Bill from the start. Through them, we hope to counter the Government's incentives to reduce the number of claims from people who have an entitlement to benefit.

Amendment 68 seeks to ensure that before a scheme is drawn up there is consultation not only with precepting authorities and what the Bill vaguely refers to as "others" with an interest, but with organisations that assist and represent people on the receiving end of this Government's cuts. In respect of this Bill, it is fair to say that so far such organisations have been largely ignored. The big society clearly does not include those who give up their time to assist some of our most vulnerable citizens, and who deal every day with the impact of job losses and the consequences of child poverty and try to help those for whom every day is a struggle. Any redesign of the scheme ought to take account of the views of those who will be dealing with its impact.

As has been said, the impact will be extremely severe because it will come on top of the Government's other changes to welfare benefits. Let me give an example of a one-parent family living in a three-bedroom house in Knowsley. Assuming that they can stay in their home even though they will be more than £800 a year worse off under the Government's changes, they will then be hit again by this scheme because in Knowsley there is likely to be a 20% council tax benefit cut. They will therefore have to find a further £170 per year. Those who deal with people in our welfare system and who give advice to people in poverty should be consulted on the design of these schemes.

We often forget the great number of children who will be forced further into poverty by this scheme. In the Liverpool city region, 14.8% of children in poverty are in working families—those claiming working family tax credit or child tax credit. Those families will also be reliant on council tax benefit. What will happen to them when this scheme comes into force is very clear. More people will be unable to pay, so there will be more pressure, more debt and quite possibly more people falling into the hands of loan sharks. Anyone who does not think that will happen has never walked around a big estate and seen how these people operate. They often wait outside the place where people collect their benefit, and take the money straight off them. That is the reality of life on the edge. That is what many of our charitable organisations and benefit advice agencies deal with every day. It is only right that they should be consulted.

Amendments 70 and 71 seek to ensure—*[Interruption.]* Yes, it is the same story, I say to the hon. Member for Burnley (Gordon Birtwistle), and it will be the same story for many of my constituents, and his, when this scheme comes into effect. I am terribly sorry the hon. Gentleman does not want to hear about the reality of the impact this scheme will have. That is hard luck for him, but it is even worse luck for the people who will be on the receiving end.

Mr Kevan Jones: Does my hon. Friend also agree that the Bill's provisions will hit a lot of northern cities—including Burnley, perhaps—much harder than some of the leafier suburbs of the south?

Helen Jones: My hon. Friend is right, but many different authorities will be affected. We heard earlier from Members on the Government Benches who represent south coast constituencies where there are lots of elderly people. They and their colleagues will be very surprised when they begin to realise the impact in their own constituencies of what they have voted for.

Amendments 70 and 71 seek to ensure that in any revision of the scheme by the Secretary of State the impact on all those who may receive, or be entitled to, benefit is considered. We therefore state that it is not only those of pensionable age who need to be considered, but those in employment or seeking work and people in receipt of other benefits, such as disability benefit. We do so because although under the current scheme 5.9 million people receive council tax benefit and 38% of them are over 65, 62%—3.7 million people—are under 65. These amendments seek to put their needs on the agenda, as they appear to have been forgotten by the Government. Also, 67% of claims are passported claims—they are from people receiving income support, jobseeker's allowance or employment support allowance, for instance. Only 1.7 million of the 3.9 million on passported benefits are receiving pension credit, so most of these people are also of working age.

Other claims—the standard claims—are decided following a means test. Crucially, people who are working may get council tax benefit, subject to an income taper. Claimants lose 20p in council tax benefit for each additional pound they earn over the applicable amount. No one knows what the position will be for those people under localised schemes. The Government may issue guidance but, as usual in respect of this Bill, we are debating this topic without knowing what the guidance will say or even if the Government's preferred options will be affordable for local councils. All local councils will be forced to cut the benefits available to non-pensioners and, as my hon. Friend the Member for Lewisham East (Heidi Alexander) said, they could cease payment entirely to certain groups.

We believe it is right to protect pensioners but, as we are making clear in the amendments, we also believe that others' needs have to be considered. The Government seem to want to ignore those people as they have done with every other measure they have introduced. They strive to paint a picture of people on benefits as feckless and workshy. They talk about the price paid by hard-working taxpayers as though they were somehow a different species from those receiving benefits. I have to say, as someone who would clamp down ruthlessly on benefit fraud, that the vast majority of people on benefit receive it legitimately, and that most unemployed people receiving council tax benefit have paid taxes and would like nothing better than to be in work paying them again, as would all the disabled people I meet. Those in employment who receive council tax benefit are precisely the hard-working taxpayers—people who go out every day to work in low-paid jobs—whom the Government will penalise for doing the right thing by going out to work for poverty wages.

8.30 pm

I have had people tell me that they are not well paid in work, and I am sure other hon. Members have had the same. They know that they are on a poor wage but they go out to work because they believe it is the right thing to do and they want to set an example to their children and show what hard work means. Those people are going to be hit over and over again. It is time that the Government stopped trying to demonise people. It is time that they faced up to their responsibilities to create growth instead of trying to stigmatise people who are desperate for a job. It is time they ensured that the needs of people who are struggling either to stay in work or to get a job are properly recognised. That is why we have moved these amendments to the scheme that the Government are attempting to bring in. We want to ensure that people of working age and people in poverty, because these people are in poverty, are properly considered when schemes are drawn up or revised. I hope that the Government will accept the amendments, because if they are serious about not wanting to hit those people, there is nothing to prevent them from accepting the amendments. If they do not, we will seek at least to press amendment 66 to a vote.

Annette Brooke: I wish to make some brief comments and refer to the impact assessment on the localisation of council tax benefit, which looks at many of the issues raised by the hon. Member for Warrington North (Helen Jones). I note in particular that the impact assessment flags up some local authority responsibilities. The Child Poverty Act 2010 imposes a duty on local authorities to have regard to and address child poverty and, with their partners, to reduce and mitigate the effects of child poverty in their local area. The Disabled Persons (Services, Consultation and Representation) Act 1986 and the Chronically Sick and Disabled Persons Act 1970 include a range of duties relating to the welfare needs of disabled

[Annette Brooke]

people. The Housing Act 1996 places on local authorities a duty to prevent homelessness, with special regard to vulnerable groups.

Given that local authorities have those duties on them, is there any need to propose the amendments? These issues are important for the very reasons that have been identified—the 10% cut, the different numbers and proportions of pensioners in different authorities and the different balances that mean that some authorities could get more money through the changes to discounts for second homes and empty homes. Some authorities will have great difficulty in protecting vulnerable people. The number could be quite small, but that possibility is there because of the different demographics of different areas.

I understand that local authorities might have to go through an equality needs assessment and I should like to know from the Minister how they should address these issues, which are in the impact assessment on the localisation of council tax benefit. Will there be any question of councils having to go through judicial review? It seems to me that there are going to be protections in the detail of the schemes to be introduced, but also some challenges for local authorities given the difficulties that we are outlining over and over again—the 10% cut, the different proportions of pensioners, and authorities' different abilities to raise money with the new freedoms and flexibilities. With all those differences across areas, could some areas be faced with judicial review if they cannot address the duties placed on them by existing legislation?

Alex Cunningham (Stockton North) (Lab): I support the amendments on the impact of the scheme. This debate is about people's lives, about families and people who live on the edge financially, but it is also about local authorities' ability to deliver services at the standards we have come to expect in our communities. It is a debacle: the Government's proposals on council tax benefit will simply heap greater burdens on the most vulnerable households and families at a time when the Secretary of State for Work and Pensions is already making life tougher for them. I would have hoped that the Secretary of State for Communities and Local Government had at least talked to his counterpart at the Department for Work and Pensions to ensure that their policies did not conflict in the way they clearly do. The amendments would help to deal with some of that conflict.

"Make work pay." That is what the Prime Minister has said over and over again, and he is determined to make that happen. No one could or should argue with that statement, but it is vital to create incentives so that it is always better to be in employment than on benefits. The Government's proposals on council tax benefits will totally undermine that objective. They are simply yet another attack on hard-working families.

I know that council tax benefit is available to those on low incomes who need financial help to pay their council tax bill, but I am shocked that Ministers appear to believe that a 10% cut to the benefit will somehow—perhaps magically; we talked about magic earlier on—reduce the number of people who need it. In these harsh economic times, with high and rising unemployment as well as rising energy and food bills, this tax relief is to be squeezed precisely at the point when there is the greatest need for help among low-income households. As others have said, pensioners and vulnerable households are to be protected, and rightly so, from the cuts, but that means that the whole of the 10% saving that local authorities must make will fall on the unprotected group—mainly the working poor.

Mr Kevan Jones: In his response to the previous debate, the Minister suggested that gap could be filled by councils being able to levy extra tax on second homes, and his hon. Friend the Member for Bradford East (Mr Ward) said there were plenty of those in Bradford. How many does my hon. Friend think there are in Stockton?

Alex Cunningham: That is an interesting question, which I wish I could answer. I do not see many empty homes, never mind second homes, in our area, so I think it might be a challenge for us to find some. I am sure we have a few, but I doubt they would fill the gap as the Minister suggests they could. In an authority such as Stockton, with high numbers of older people, the burden on the people the measure hits will be tremendous.

The burden will get higher and higher on ever fewer people. In many cases, the gains made by the working poor from the recent £1,000 increase in the income tax personal allowance will be completely wiped out by the reduction in council tax benefit and the knock-on effects. Surely that is exactly the opposite of what the DWP says it is trying to do? Are the Secretaries of State talking to each other? I wonder. Alongside the rise in VAT and other benefit changes, we are faced with these regressive policies that will hit some people extremely hard—people who already work hard for little reward. These proposals are simply a slap in the face for their efforts to improve their lives.

The Local Government Association has calculated that councils are being asked to share the £500 million cut among 1.3 million claimants, which works out at an average loss of £320 each. That is a significant sum for low earners, especially when the Government claim they are trying to protect work incentives for them. It has been estimated that council tax support for pensioners makes up 50% of the total funding, and roughly a further 25% recipients would also be exempt from the reductions in support because of councils' duties to support vulnerable groups and tackle child poverty. Such people should of course be exempt, but that could lead to the 10% budget cut falling on the remaining 25% of recipients—on the support provided to low-paid people in work. Those people are working hard for their families, trying to do their best. They have pride in what they are doing, yet this Government are just kicking them.

Ian Mearns: I have just had a brainwave about where an awful lot of these second homes that will fill the gap will come from. When the housing benefit changes kick in, and people are evicted from their properties because they can no longer afford the rent as the property was under-occupied, those empty properties that belong to private sector landlords will be empty second homes. Of course we can raise the revenue from them. Does my hon. Friend think that is a possibility?

Alex Cunningham: I have known my hon. Friend for many years, and I am used to his brainwaves, which normally apply to education. Of course, he is perfectly right.

The people who will be affected already face higher food and energy bills. Sadly, however hard they work, they are unlikely to get any of the fancy bonuses that will be pouring into the coffers of bankers and everybody else over the next few weeks and months. Quite simply, the proposals merely transfer one of the national costs of rising unemployment to councils and local taxpayers, creating a serious risk that every resident will see further service cuts beyond those already threatened.

In my constituency of Stockton North, the theoretical 10% reduction in council tax benefit will equate to around £1.2 million; within the Stockton borough, the figure is £1.7 million. In reality, as pensioners are excluded from the change, those affected are likely to suffer a 20%, rather than a 10%, reduction. I must add that Stockton-on-Tees borough council's revenue budget, along with that of every other council across the country, already faces tremendous reductions. In Stockton, there is to be a reduction of £26.5 million. Where will it find the extra money to bolster this budget, when it will need to pay out to an increasing number of people who will have to claim council tax benefit? The cuts that the council is suffering are in addition to cuts of £12.3 million to specific grants; the early intervention grant was cut by £3 million, and of course there was the future jobs fund, which the Government do not appreciate.

Frankly, the Government are giving to those on low incomes with one hand, and taking away with the other. There is no regard at all for the implications for people's standard of living, and people are living on the edge. I know; I see these people at my surgeries. They do not have that extra £2, £3, £4, £5 or £6 a week to spend on council tax. They need to spend that money on feeding their children. The money to pay extra council tax is not there.

The amendments would save the Government from themselves. They would help the Government to fulfil their commitment to joined-up government—that is if the Secretaries of State bother to talk to each other. The amendments would also ensure that the huge hit to the working poor did not happen. If the Government accept the amendments, they will be recognising the real need, and will have the opportunity to do something about it. Without the amendments, many more people will be plunged into poverty, undoing much of the good work that the Labour party did in government to improve the living standards of the poorest in society. The Government may well find that they have not made work pay; instead, some families will find themselves better off back on benefits and out of work. Where is the pride in that?

Furthermore, the Institute for Fiscal Studies predicts that as a result of the changes in council tax benefit, individual councils could reduce the benefits to such an extent that it would encourage low-income people to move out of the area. The think-tank also points out that the changes would create a complex, two-tier benefit system, with both local and central Government setting policy. That runs counter to the idea of the streamlined universal credit to which my hon. Friend the Member for Warrington North (Helen Jones) referred, which is being introduced by the Work and Pensions Secretary.

The incentive that changes to council tax benefit will give local authorities to encourage low-income people to move elsewhere is totally undesirable and unacceptable, yet the Government seem intent on banishing the poorest in our society from our towns and cities. Let me give one example of the chaos that could result from the council tax changes and other changes: it is estimated that 20,000 families could move out of central London to find accommodation elsewhere. What an effect that could have on jobs, children and services. If several thousand children move out of central London, inner-city schools may no longer be viable, and other areas may not have the capacity to take them in. We know that the plans of the Secretary of State for Work and Pensions will have that effect, but surely the Secretary of State for Communities and Local Government does not need to help him.

Removing council tax benefit from vulnerable people is not the answer. In-work poverty is getting worse as wages are frozen and the cost of living rises sharply. Around 61% of children living in poverty live in working households with parents who are working hard to feed them, clothe them and send them to school. The figure in 2005-06 was 50%, so more people are now working to support their families, but they are doing so on paltry incomes. Surely no one in this Committee believes that that number should go any higher. That is why the Government must think again about these damaging changes to council tax benefit and adopt the amendments that will protect, if no one else, the working poor.

8.45 pm

Mr Ward: Those Members who sat on the Localism Bill Committee will not be too surprised by what I have to say. Before us is a series of amendments that seek to impose on local authorities an obligation to have regard to different categories and groups when coming up with their new schemes. The Opposition seem to be oscillating between complete outrage that the Secretary of State is using powers to impose various things on local authorities and seeking to impose through legislation requirements that local authorities do certain things before introducing their schemes.

Helen Jones: Is the hon. Gentleman seriously arguing that local authorities should not have regard to people employed on low wages, people actively seeking work or levels of poverty in their areas? What is the reason for that?

Mr Ward: Not at all. I anticipate that any local authority worth its salt would have regard to all the things proposed in the amendments. In fact, that will differentiate good local authorities from bad ones, but it is not for the Secretary of State to specify those things, or indeed for us to do so through legislation, which frankly would be patronising and very centralist. As we said many times in relation to the Localism Bill, people have a right to judge at the ballot box whether their authorities are doing what they should be doing—it is not for this House to tell them.

Mr Kevan Jones: I was going to say that it was a pleasure to follow the hon. Member for Bradford East (Mr Ward), but his contribution kept getting worse.

[Mr Kevan Jones]

Clause 8 of the Bill, headed "Council tax reduction schemes", sets out the provisions for local councils to draw up their local council tax schemes. Proposed new subsection (2) states:

"Each billing authority in England must make a scheme specifying the reductions which are to apply to amounts of council tax payable, in respect of dwellings situated in its area, by—

(a) persons whom the authority considers to be in financial need, or

(b) persons in classes consisting of persons whom the authority considers to be, in general, in financial need."

However, the Bill gives no guidance on what local authorities should take into consideration when drawing up their schemes. We could have a plethora of different schemes up and down the country and, as was referred to earlier by Government Members, neighbouring authorities could have completely different schemes and criteria for how people apply for council tax benefit. We know that the Secretary of State will exclude pensioners, but the amendments tabled by my right hon. and hon. Friends would add some criteria or at least set out what the baseline should be.

I am sorry that the hon. Member for Bradford East does not seem to care and trusts that every local authority, good or bad, will consider every single thing, including child poverty. If he had any experience of the Secretary of State's time in charge of Bradford council, for example—clearly he had—he would know that he had little concern for the poor and the needy.

Mr Ward: I wonder whether the hon. Gentleman carried out a full impact assessment before voting to get rid of the 10p rate of income tax, which affected the most deprived people in the country.

The Temporary Chair (Mr Jim Hood): Order. That intervention is not relevant to the amendments.

Mr Jones: Interventions have to be relevant, as Mr Hood points out, but I would not stand for election, as the hon. Member for Bradford East and other Liberal Democrats did, on the idea of supporting the poor by increasing income tax thresholds, and then support the Conservatives in pushing through this Bill, which is going to affect some of the poorest and neediest in our society—and somehow turn a blind eye to that. As I said earlier in response to his hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke), none of this legislation could go through without the Liberal Democrats, and I am sure that in Bradford at the next general election the Labour party and others will remind the hon. Gentleman's electorate that he and his party were the ones who put through this Bill, which takes away council tax benefits from the poorest and most vulnerable in our society. So he cannot have it both ways.

The amendment would take unemployment into consideration, and it is important to look at unemployment and how it affects local councils' claimants for council tax benefit. As you will know, Mr Hood, unemployment in the north-east stands at 11.7%, 3.4 percentage points higher than the national average, while unemployment rates in the south-east are just 6.3%. If we look across the constituencies, we find that the most recent claimant count in my constituency was 2,674 people, or 5% of the population; in Beaconsfield, it was 903 people, or 1.5% of the population; in Aldershot, it was 1,749 people, or 2.6%; and in Wokingham—I have to say to the people of Wokingham that I have nothing against their town, but it is always a good example to cite in such debates—it was just 936 people, or 1.3%.

That shows the disproportionate effect of council tax benefit in different areas, and if there is nothing in the Bill to say that unemployment needs to be taken into consideration, it prompts the question, will those councils where unemployment is relatively low take it into consideration when fixing their council tax scheme? The Minister said that the Secretary of State will not need to intervene, but that is not the case, because as my right hon. Friend the Member for Greenwich and Woolwich (Mr Raynsford) points out, the right hon. Gentleman will intervene if he does not agree with a scheme. He has the power to do so, and to change the financial year of a scheme, so what the Minister has said is not the case.

Ian Mearns: In the light of the Minister's reflection that the Secretary of State is highly unlikely to use his powers of intervention, on what date does my hon. Friend think the right hon. Gentleman became such a shrinking violet that he would not use the powers that were open to him?

Mr Jones: The Secretary of State's track record is there to see. On his edicts, he talks very much about localism, but in this Bill we already see that he has kept for himself swingeing powers to intervene. Over the past 18 months, we have had diktats to councils on weekly elections, including the idea that to save money they should have fewer pot plants, and lectures on the size of their balances, so I do not accept that he is a born-again devolutionist who is giving powers to local authorities. He will quite clearly intervene when he needs to.

Helen Jones: Does my hon. Friend also agree that the Secretary of State's attitude to poorer people in our communities can be seen clearly from when he ran Bradford city council? We do not have to look into the crystal ball when we can read the book.

Mr Jones: Exactly. But the Secretary of State is also highly political, and the Bill does not take into account unemployment and other things because, again, that is part of its general sweep. It is about giving local councils not only responsibilities, but blame, because if a local council comes up with a certain scheme, the right hon. Gentleman can say, "It's not my problem, it's your local authority dealing with it," even though he has poisoned the pill that he has given them with a 10% cut in the grant for council tax benefit.

The Secretary of State is also political in saying that councils are free to not put up council tax because they will get grant for three years, but that he can give no guarantee for the year before the next general election. That is because he wants to shift the blame for the decisions that this Government are taking—both Liberal Democrats and Conservatives—on to local councils. Slowly but surely, local councils and councillors of all persuasions are waking up to the fact that they will have to make tough decisions. They will have to not only

divide the smaller cake after the 10% reduction in council tax benefit, but invent a scheme that is seen to be fair.

My hon. Friend the Member for Warrington North (Helen Jones) spoke about people who are in receipt of council tax benefit. There is a misnomer that is repeated on a number of occasions. Reading the press, one would think that every single person who gets housing benefit or council tax benefit is in receipt of unemployment benefit. They are not. Some of the poorest people in society are working very hard to keep a roof over their head. These changes will affect their ability to keep that roof over their head.

Another concern is that if there are no criteria for the various schemes, there will be a plethora of different schemes up and down the country.

Gavin Barwell: That's localism.

Mr Jones: The hon. Gentleman says that that is localism, but it will lead to real issues, especially if the Secretary of State is of the Norman Tebbit variety and thinks that people should get on their bike and work. If there are disincentives because of the different schemes in different parts of the country, it will be difficult for people to do that.

The chaos that will ensue in London will be something to behold. Potentially, there will be 33 different schemes for the administration of council tax benefit in London. From talking to colleagues in London, I know that people move across the council boundaries freely. They do not take into consideration the fact that they are moving from one council to another. Some colleagues tell me that 25% or more of their local electoral register churns over every single year. How will people be clear about what the scheme is in one borough as opposed to another? If we add to this the changes in the Welfare Reform Bill, which will have a disproportionate effect in London and drive people out of higher-cost rental areas, there will be administrative chaos.

Individuals will not be clear about which scheme applies to them and some people will get into arrears with their council tax, as my hon. Friend the Member for Alyn and Deeside (Mark Tami) said when he intervened on my hon. Friend the Member for Warrington North. We will get to a situation where the number of evictions increases and where people and their children face insecurity about their homes. It will be very difficult for councils that have a large turnover of individuals to collect council tax. There is nothing to compensate authorities that have a large turnover for that effect. There will be a double whammy for those councils: they will face the 10% cut and it will be difficult for them to collect council tax.

We must also consider the difference in the number of people who claim council tax benefit in different authorities. As I said earlier, County Durham has 63,494 claimants, which is 15% of people aged 16 and above. Last year, that cost £55.1 million. The situation will be the same in other large councils in the north-east, and in other areas such as the constituency of my right hon. Friend the Member for Knowsley (Mr Howarth). There are a large number of people on either unemployment benefits or low wages who receive council tax benefits. We can compare that with some southern councils, and I will give a few examples. Wokingham—

Mr Mike Hancock: You're going to buy a house there, aren't you?

Mr Jones: I am hoping to be made a freeman. I have given it enough plugs in these debates.

The Temporary Chair (Mr Jim Hood): Order. I am sure second home preferences are a matter for some other debate, but not for this one.

9 pm

Mr Jones: In the 2010-11 financial year, Wokingham had 5,159 people claiming council tax benefit, which was 3.9% of the population and cost £5.3 million. That authority covers the constituencies of Wokingham, Maidenhead, Reading East and Bracknell. Hart, in Hampshire, had 3,029 claimants, which was 4.2% of the population and cost £3 million. It covers the Aldershot and North East Hampshire constituencies.

South Buckinghamshire council had 3,024 claimants for the year 2010-11, which equated to 5.6% of the population aged over 16 and led to expenditure of £3.4 million. South Oxfordshire had 5,848 claimants, which represented 5.6% of the population aged over 16 and cost £6.1 million. That area covers the constituencies of Henley and Wantage. Finally, Vale of White Horse council in Oxfordshire had 5,578 claimants, which was 5.8% of the over-16 population and cost £5.7 million. It covers the constituencies of Wantage and Oxford West and Abingdon.

Ian Mearns: My hon. Friend emphasises the differences between local authority areas, and he has compared Durham and Wokingham. A prime indicator of levels of deprivation is the number of looked-after children per 10,000 population, and I just happen to have that statistic for Wokingham. The number there is 22 per 10,000 population, whereas in Middlesbrough it is 104 per 10,000 population. That illustrates the contrast between the levels of deprivation and need in different areas, and I hope he will bear it in mind.

Mr Jones: I will, and that is why it is important to have in the Bill the criteria by which authorities will draw up their local schemes.

The reason why I give the differences between areas is that it is quite clear that Durham will have to draw up its scheme very differently from the other authorities that I have mentioned. They also indicate that, as I said in last week's debate, the Bill will favour southern councils over northern ones such as Durham. It is not a coincidence that all the constituencies that I read out happen to be Conservative.

Helen Jones: Does my hon. Friend agree that councils will face a further penalty through the cost of appeals once the scheme comes in, which again will be worse for councils with more claimants? I suspect that there will be a lot of appeals, and there will be a cost in both staff time and legal representation. Councils will also face the cost of chasing up unpaid council tax, which will increase hugely.

Mr Jones: I agree, and that will have a disproportionate effect on northern councils such as County Durham. It will also be a complete nightmare for local authorities

[Mr Kevan Jones]

in London. I know that the Bill allows for data sharing between local councils and the Department for Work and Pensions, but given the movement of people in London it will be very difficult indeed for councils to chase people up.

What are the options open to councils such as Durham, given the 10% cut, to make up the difference? The Minister and the hon. Member for Bradford East said that it would be made up by charging a different rate on second homes.

Mr George Howarth: My hon. Friend the Member for Warrington North (Helen Jones) just made the point that councils could be bogged down in appeals. Does my hon. Friend the Member for North Durham (Mr Jones) believe that it is also conceivable that the Bill could be deemed discriminatory under the Human Rights Act 1998? The Bill contains a declaration—as do all Bills, for purposes of the Human Rights Act—that the Secretary of State says that

"the provisions of the Local Government Finance Bill are compatible with the Convention rights."

Does my hon. Friend think that that might slightly overstate the case?

Mr Jones: My right hon. Friend raises a very good point, because we will have different schemes in different areas. I wonder whether there will be challenges to the criteria that are used to draw them up. The hon. Member for Mid Dorset and North Poole said that various equality Acts applied to the measure. They may well do, but that is not stated in the Bill. If people who find that they are not in receipt of council tax benefit after the measure is introduced feel that their local authority has discriminated against them, that will doubtless lead to court cases. Again, the costs will fall on local authorities, and again, no doubt the Secretary of State will be nowhere to be seen and will blame councils for not implementing the scheme properly.

The hole could be plugged by further cutting benefits for those who are in work and others. Second homes give another method—obviously, there are a plethora of second homes in Bradford.

Ian Mearns: There are loads in Gateshead.

Mr Jones: Obviously, and in other places. They will fill the black hole. We could also increase council tax. However, that is no good for councils in the north-east, where 50% of properties are in band A.

Ian Mearns: Fifty-six per cent.

Mr Jones: My hon. Friend says that the figure is 56%. Only 2% of properties in Surrey are in band A. The ability of councils in the north-east to raise additional funds is severely limited.

John Healey: My hon. Friend is talking about plugging the hole caused by the 10% cut and highlighting the feeble arguments from Ministers about the flexibility around the second home discount. Has he asked himself why the Government have not considered the single person's discount, which is worth £2.4 billion in total—more than five times the 10% cut?

Mr Jones: My right hon. Friend makes a good point. The Bill is being rushed through. If we were considering a root and branch, proper review of local government finance, we could examine my right hon. Friend's suggestion. I suspect that the Government do not want to do that because it affects a lot of pensioners and they think that pensioners may be more interested in voting Conservative than not. For the same reason, they will not go anywhere near revaluation of domestic properties.

My hon. Friend the Member for Warrington North made a very good point about the comments of the Minister for Housing and Local Government, who seems to think that people can somehow magic up economic development in local areas to increase revenues. That is supposedly the entire basis of the Bill: that councils will be free to create extra demand instantly through economic development. It is a damn sight harder to attract businesses to the north-east than it is to the south-east of England.

There is a problem with who is consulted about the scheme. My hon. Friend the Member for Warrington North made a good point about the mess caused by the system having to be tackled by the charitable sector, local credit unions, which will have to sort people out when they get into debt, local branches of Age Concern, citizens advice bureaux and others. It is only right that they are statutorily consulted on the drawing up of the scheme. If they are not, at the end of the process they will have further burdens because they will have to try to sort out the mess created by the Bill—many are having their grants cut already.

I am sure the Minister, in his feeble way, will refuse to accept the amendments because the Bill is part of a strategy. He is part of that strategy, even if he does not understand it. In effect, the Secretary of State wants to give as many freedoms as possible to local government so that he can wash his hands of it and stand up to the electorate and say, "It's your local council's fault." I hope local councillors of all political persuasions are waking up to what the Secretary of State is up to. He is blaming them for his decisions. Until they wake up to that fact and start protesting—some Liberal Democrats bravely voted against the Bill tonight—we will end up with confusion and mess in local government and blame, and some of the poorest and weakest in our society will be affected.

Mr Mike Hancock: Once again, I am concerned about the lack of time, because I would have loved to have had a proper debate on amendments 59 and 60, which go to the heart of the problems we face. The amendments, which were tabled by the right hon. Member for Greenwich and Woolwich (Mr Raynsford), would defer the scheme for a year. Unfortunately, he is not in the Chamber to move the amendments, so it looks like we will not have the chance to pursue the matter. The need to give local authorities more time was one of the things about which Members spoke most eloquently when we debated the previous group of amendments.

It is disappointing that the Minister did not give even a hint that the problems exposed by hon. Members would be given consideration. I have a lot of sympathy for the hon. Member for Stockton North (Alex Cunningham), who spoke of the problems of "outsourcing" 20,000 people from London. He said that that would have an effect on London's infrastructure and mean

impending problems for receiving authorities. Any authority that has received large numbers of people after population movements will know only too well of the struggle to put in place the infrastructure needed to absorb them. Suggesting that 20,000 people leaving London will be easy is an easy soundbite, but I simply do not believe it. The Government need to think again if they are suggesting that that is a ground for supporting the Bill, because it cannot be right.

The hon. Member for Warrington North (Helen Jones) mentioned the cost of appeals and how long they will take. When do they kick in? For how long must people appeal? What would the regime be? Would it be a simple paper exercise or could people appear and give details of their circumstances in front of, say, a group of councillors or officials? We need to know. How will they be resolved?

Why should local authorities take into account the impact of the scheme on the aspects outlined in amendment 66? That is a key question. The hon. Member for Stockton North made the point that we cannot ask local authorities to exclude so many people and not ask them to consider the effects on the poorest groups of working people. If they do not consider that, they would be doing a great disservice to the people. The Secretary of State for Work and Pensions was in the Chamber just now, but it is sad that he has not heard more of the debate, because the points being made are relevant for his Department.

However, if the Bill goes through without the amendment, it will cause local authorities serious problems. Any local authority worth its salt would want to take the issues I mentioned into consideration and would like to have some flexibility to help the groups affected. Why not say that in the Bill? Is anyone seriously saying that that would be an unreasonable expectation for local people to have? *[Interruption.]* I am getting a signal that my hon. Friend the Member for Bradford East (Mr Ward) might be of a different opinion from me. I happen to think that setting out those matters in the Bill is the right thing to do, and I have yet to hear a coherent argument to suggest that we should not take that into consideration. Once again, that is why, when we vote tonight, I will vote to support the amendment.

9.15 pm

I must finish, however, where I started. I am disappointed that we will not have the opportunity to vote on the deferments. I do not know whether somebody else can move the amendments I mentioned, in the absence of the right hon. Member for Greenwich and Woolwich, but I hope so.

I should tell the hon. Member for North Durham (Mr Jones) that if I was a betting man, I would be in Ladbrokes tomorrow to see who had made a wager about how many times Wokingham was mentioned in the House of Commons. His speech reminded me of a Pakistani bowler bowling no balls, and there seemed to be a premeditated effort on his part to secure the most mentions possible of Wokingham.

Mr Kevan Jones: Does the hon. Gentleman think I should get a sponsorship deal with the borough of Wokingham?

Mr Hancock: I honestly believe that the hon. Gentleman is in the market for a property in Wokingham, or if not Wokingham, Hart.

Mr Jones: I could not afford it.

Mr Hancock: I am sure the hon. Gentleman could; he is being far too modest.

On the hon. Gentleman's point about income tax and higher income tax payers, I am disappointed that we will not get anywhere near the amendments that I and others tabled on excluding higher income tax payers from the 25% discount. I would hope that the Government would give local authorities the ability totally to restrict people on higher income tax from having the 25% discount.

Once again, I am disappointed that we will not have the opportunity to pursue many of these issues, and I implore the Minister to try to secure the maximum amount of time on Report to allow us properly to discuss the amendments that we have not reached.

Andrew Stunell: Again, we have had an interesting and wide-ranging debate. I have to say that the amendments we have discussed cut across the approach we set out for reforming support for the council tax and the whole localisation agenda. In the first debate, there seemed to be broad support for the view that the localisation part of the proposals was the right way forward, and I particularly welcomed the words of the hon. Member for Sheffield South East (Mr Betts), the Select Committee Chairman, who made it clear that that was his view. In the event, that turned out to be rather a contrast with the views of the hon. Member for Warrington North (Helen Jones), who argued strongly against localisation. Then, rather puzzlingly, she said that some of us did not know what was going on in the real world. Perhaps that is not a puzzling thing to say, but I have to say that it is not the reality. With my wife, I brought up five children on family income supplement for two years, so I think I do know what it means when there is not enough money to buy things.

Graham Jones (Hyndburn) (Lab): Will the Minister give way?

Andrew Stunell: No, I will not give way. I am just going to make a little progress.

The hon. Lady said that we did not understand the leeches on the estate who collected the money on payday, but at the same time she seems to be in favour of channelling money through universal benefit, rather than localising it through a council tax reduction scheme. As the Select Committee Chairman rightly said, that is not only localist, but helpful in securing income for local authorities. The hon. Lady reinforced the point with her story of the leeches on the estate.

Helen Jones: I am sorry, but the Minister cannot have it both ways either. The Secretary of State is taking the power to give guidance on what should be included in the scheme, and the Government have already said that pensioners must be protected under the scheme—we agree with that—so the Minister cannot then argue that he wants everything left to local councils, because that is exactly what he is not doing.

Andrew Stunell: Unfortunately, the hon. Lady has partly misread the scheme. Paragraph 2(8) of schedule 4 provides the Secretary of State with the power to make regulations in relation to the requirements of schemes, and he intends to use this power to require authorities to provide support for pensioners. The purpose of that provision is precisely to safeguard pensioners—a point on which, it would appear, there is cross-party support. It does not require the Secretary of State to approve schemes, and it is not a power to intervene in schemes. I think that I have made that point clear to the House, and if I have not, I repeat it now to make it so.

Several rather whacky points have been made. The hon. Gentleman for Stockport North said—[Hon. Members: "Stockton North"] Sorry, I should know better. The hon. Member for Stockton North (Alex Cunningham) said that Labour had worked hard to close the gap between the rich and poor. Well, I do not know how hard it worked, but it certainly did not work, because the gap between the rich and the poor widened in that time. It did not narrow. He seemed extremely sceptical about whether it was possible for authorities such as Stockton to generate the additional income from discounts and exemptions to compensate them for the loss of council tax benefit grant.

By my count, 18 local authorities have been drawn into the debate in one way or another—all of them by Opposition Members praying in aid councils that they believed would be at a disadvantage. Of those 18, 14 could in fact generate from the discounts and exemptions in their areas more money than they would lose from the loss of council tax benefit grant. Among those authorities is Stockton, which would have a surplus, if it extinguished all the discounts. The hon. Member for Stockton North referred to second homes, but an important part of the new flexibility—and part of the reason Stockton could have a surplus—relates to empty homes. Empty homes discounts provide another potential source of revenue.

When one considers the generality of local authorities, one discovers that were all those discounts and exemptions to be extinguished—as I said in the previous debate, I am not arguing that they should be, but I want the House to understand that the flexibility is there—it would result in an additional income to local authorities in England of £420 million. By what my hon. Friend the Member for Bradford East (Mr Ward) called a fluke, that happens to be the same amount as the 10% reduction. The Government are not arguing that every local authority should simply extinguish those discounts and exemptions. We are simply pointing out that that provides for a significant flexibility, and I would be surprised if a large majority of councils did not choose to make that flexibility a part of the mix when devising a scheme.

Local authorities need to plan carefully to ensure that they can meet demand through the funding that they make available to local schemes. As the hon. Member for Warrington North acknowledged, however, funding for the first two years of localised schemes is derived from the Office for Budget Responsibility forecast for spending on council tax benefit, which reflects existing spending and, therefore, assumptions about underlying demographic changes, including growth in the pensioner population, and council tax increases. Thereafter, of course, the spending review process will provide further opportunities to consider cost pressures.

Local authorities are already well accustomed to using these powers to determine in what circumstances council tax liability should be reduced, whether in individual cases or a class of cases. Local authorities are best placed to understand local needs, including those of low-income families. Paragraph 2(5) of proposed new schedule 1A to the Local Government Finance Act 1992, which is inserted by schedule 4, already requires local authorities to set out the procedures for making an application for a reduction under the scheme.

Amendments 56 and 70 would require local authorities to take into account the impact of their schemes on the living standards and work incentives of taxpayers, and on poverty levels when designing or revising their schemes. However, local authorities already have clearly defined responsibilities in relation to, and for their awareness of, the most vulnerable groups and individuals in their areas. My hon. Friend the Member for Mid Dorset and North Poole (Annette Brooke) made the point that there are statutory responsibilities on local government when drawing up such schemes, or indeed taking any of its functions forward. An important example is the public sector equality duty in section 149 of the Equality Act 2010, which requires authorities in the exercise of their functions to have due regard to the promotion of equality between persons who share a protected characteristic, while the Child Poverty Act 2010 imposes a duty on local authorities to have regard to, and to address, child poverty. She referred, quite properly, to the Disabled Persons (Services, Consultation and Representation) Act 1986 and the Chronically Sick and Disabled Persons Act 1970, both of which include a range of duties relating to the welfare needs of disabled people. She also referred to the Housing Act 1996, which gives local authorities a duty to prevent homelessness.

Putting all that together, it is quite clear that every local authority is familiar with the need to ensure that any scheme it draws up complies with existing statutory guidelines. That is a continuous process that requires all the relevant decision makers to consider equality, disability and other issues, in forming policy and making decisions. We expect to continue with that sensible approach. There is no reason for unnecessary additional bureaucracy to be imposed on local authorities.

Heidi Alexander: With the best will in the world, is not the problem that, with £490 million less to administer in council tax benefit—a reduction that will come about as a result of the proposals in the Bill—councils will be simply unable to meet the needs of the rising numbers of people who will be unemployed in future?

Andrew Stunell: If I can correct just one small point, the figure is £420 million for England, although the sum for the United Kingdom as a whole is larger. The hon. Lady is quite right that there is to be a reduction in the funding of council tax benefit support. That is not in dispute. My point—and the point the Government are making—is that local authorities have additional income streams open to them in later parts of the Bill. They also have the opportunity to tailor their schemes to suit their local circumstances, and if they choose to draw resources from other parts of their income streams, it is open to them to do that.

Let me turn to amendments 49 and 56. It is unclear how a local authority could take into account the impact of claimants who were receiving council tax

benefit before the introduction of a local scheme. For example, that would require a local authority to know, several years after the implementation of the reform, whether a person would have been entitled to claim council tax benefit under the old system and whether a change in circumstances meant that a person would no longer be eligible at all. The Bill already provides for local authorities to make transitional provision as they see fit, following changes to their schemes or the introduction of a new scheme. That seems a far better way of proceeding.

Amendment 67 would require authorities to publish, as part of the scheme, the steps that they would take to ensure that people were informed of their entitlement and what assistance they would be offered. That is a sensible requirement, but paragraphs 2(1) and 2(5) of new schedule 1A to the Local Government Finance Act 1992, inserted by schedule 4 to the Bill, already require the authority to set out the classes of persons who are entitled to a reduction, and the procedure for making an application. The provision that the amendment seeks to introduce is therefore already part of the legislation.

9.30 pm

Local authorities will want to publicise the scheme in a manner that ensures that those eligible for support claim what they need to in order to avoid going into arrears with their council tax. Points have been made about the cost of publicity and of introduction. The Government do not think it right to stipulate how local authorities should publicise the scheme; it is for them to decide, and a one-size-fits-all set of regulations would certainly place unnecessary requirements on them. Local authorities are best placed to decide how to publicise information about their own schemes.

Amendment 68 would require a local authority to consult charities and organisations that provide advice on benefits or represent older people. However, local authorities already have a duty to consult other persons who are

"likely to have an interest in the scheme".

The Government's intention to protect pensioners from any reduction in support as a result of the reform, using the powers in the Bill, has already been made clear. It has been welcomed by the shadow Secretary of State for Communities and Local Government and by the hon. Member for Warrington North, who spoke on behalf of the Opposition in today's debate. As the system for pensioners will be prescribed at national level, it is unclear what the benefit would be of prescribing further consultation at local level with groups representing pensioners. To prescribe the categories of organisations to be consulted would be restrictive and unnecessary. Many local authorities already have good consultative schemes and, in any case, people are not backward in coming forward to put their point across.

Amendment 71 states that the Secretary of State should have regard to the impact of any guidance on those of pensionable and working ages, and those on benefits, particularly disability benefit. Again, however, the Government have already made clear their intention to use this guidance to set out the importance of supporting work incentives through the design of local schemes. We will consider how best to ensure that local authorities are aware of their duties in relation to vulnerable groups. It is unclear what the amendment would add to the clear commitment that the Government have already made.

Taken together, amendments 57, 58, 59 and 60 would delay the start for localising council tax reductions. My hon. Friend the Member for Portsmouth South (Mr Hancock) asked me why I thought that should be resisted. I believe it should be resisted because it is right to get the scheme in place quickly, to ensure that our programme of deficit reduction proceeds unhindered. It is an essential part of the Government's programme that that saving should be made. Any hon. Friends or other colleagues around the House who might wish to unravel that programme of deficit reduction need only look a little way across the channels—Irish or French—to see the consequences of so doing.

The Government are clear that this reform needs to be implemented in 2013, to secure the agreed savings. The savings from the localisation of council tax benefit will make an important contribution to our deficit reduction plan. I have already made the point as clearly as I can that that deficit reduction plan is essential, and that the Bill provides powers for local authorities to create other income streams by tackling discounts and exemptions. There will be a possibility for them to do that, if they so choose.

As for ensuring that the timetable is adhered to—the right hon. Member for Greenwich and Woolwich (Mr Raynsford) raised some issues in this regard—we are already working with local authorities and IT suppliers to identify how we can ensure that any new processes and systems are in place for April next year. We are committed to ensuring a steady flow of information to local government on our plans for delivery and the framework in which local authorities will operate. We will also look at what tools we can provide for local authorities to help them in their planning.

John Healey: The Minister talked about the IT suppliers and working to ensure that their new systems are in place by April next year, but they are going to need to be ready, fully designed, tested and operational well before the end of this year during the period when local authorities will be consulting on and designing their schemes and reassuring themselves that they can be put in place. Is not the reality more likely to be that the options on schemes will be restricted by the designs that the software suppliers will have ready to go?

Andrew Stunell: That is an important consideration for local authorities when they look at the speed and pace of change in the schemes they devise, but I have to say that practically everything that Labour Members have contributed to the debate has been on the basis of trying to preserve the existing scheme and associated costs. *[Interruption.]* I think that local authorities will probably take a cautious approach to changing their local schemes in the first year. I have to say, however, that we believe it is absolutely the case that those that wish to make a more radical change will be able to do so. I am encouraged to hear that IT suppliers are considering the possible changes to existing software and are working with local authorities to—*[Interruption.]*

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): Order. It is getting very noisy. If Members wish to speak to each other, it would be a good idea to go outside and do it.

Andrew Stunell: Thank you, Ms Primarolo.

As I was saying, IT suppliers are considering possible changes to existing software and they are working with local authorities. I recognise, of course, that local authorities and suppliers need as much information as possible as soon as possible. For that reason, we intend to publish draft regulations while the Bill is still before the House. We shall shortly make available a design tool to make it easier for local authorities to model their case load and the impacts of any changes to the framework, which should also clarify the extent of any IT changes that the design of their scheme might require.

John Healey: I must say that it is welcome to hear the Minister say that the Government are committing themselves to draft regulations published while the Bill is before the House. Will he make it clear whether that means this House or the other House?

Andrew Stunell: I am looking for a nod somewhere, but let us stick with this House.

Amendment 71 states that the Secretary of State should have regard to the impact of any guidance on those of pensionable and working ages and those on benefits, particularly disability benefits. However, the Government have already made clear their intention to use the guidance to set out the importance of supporting work incentives through the design of local schemes and will consider how to ensure that local authorities are aware of their duties in respect of vulnerable groups. It is unclear whether amendment 71 would add to the Government's commitment in this regard.

There are things that councils can begin to do now to help in their preparation—in understanding the circumstances of those in their area who currently claim support, in ensuring that elected members are aware of the decisions they need to take and in engaging with precepting authorities such as police and fire authorities. The Government have been clear that local authorities must ensure that they are on the front foot in preparing for this reform.

In summary, I must recommend that the Committee reject the Opposition amendment on this occasion.

Helen Jones: Yet again we have heard a reply of the most astonishing complacency from the Minister, which appears to have been prepared so long before the debate that he did not realise that he was responding to amendments that my right hon. Friend the Member for Leeds Central (Hilary Benn) was not even present to speak to. Yet again we have heard him dismiss the concerns of local authorities and Members, dismiss our concerns about the poorest people in the poorest communities, and, in particular, dismiss concerns about those who work for low wages and the effects that this scheme will have on them.

Let me warn the Minister that he has been put up to respond to the amendments in order to provide a human shield for the Tories in the Government, and that it will come back to haunt him. I wish to press amendment 66 to a vote, and I urge my colleagues to support it.

Question put, That the amendment be made.

The Committee divided: Ayes 233, Noes 294.

Division No. 447] **[9.40 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Doyle, Gemma
Dromey, Jack
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Elliott, Julie
Elman, Mrs Louise
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hamilton, Mr David
Hamilton, Fabian
Hancock, Mr Mike
Hanson, rh Mr David
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew

Lucas, Caroline
Lucas, Ian
MacShane, rh Mr Denis
Mactaggart, Fiona
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, John
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Phil Wilson and Nic Dakin

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Andrew, Stuart
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brooke, Annette
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burns, rh Mr Simon
Burrowes, Mr David
Burt, Lorely
Byles, Dan
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crockart, Mike
Crouch, Tracey
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Drax, Richard
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Latham, Pauline
Laws, rh Mr David
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Macleod, Mary
Main, Mrs Anne
Maynard, Paul
McCartney, Karl
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Mills, Nigel
Milton, Anne
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James

Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
James Duddridge and Stephen Crabb

Question accordingly negatived.

George Hollingbery: I beg to move amendment 72, page 5, line 26, at end insert—

'(3A) Local authorities will have the right to pool schemes for council tax refund purposes both in terms of administrative arrangements and the pooling of funds.'.

The Second Deputy Chairman of Ways and Means (Dawn Primarolo): With this it will be convenient to discuss the following:

Amendment 52, in schedule 4, page 47, line 16, at end insert—

(f) the number of persons estimated to be eligible to make an application, and estimated to be entitled to a reduction under the scheme.'.

Amendment 74, line 43, at end insert—

'(8A) Before making regulations under sub-paragraph (8), the Secretary of State must consult with local authorities regarding any proposed requirements for schemes.'.

Amendment 55, page 48, line 15, at end insert—

(d) notify all persons within their area receiving council tax benefit on or immediately following 1 April 2012, of the implications of the draft scheme, including the estimated impact of that scheme on their living standards.'.

Amendment 75, line 22, leave out sub-paragraphs (4) and (5).

Amendment 53, line 37, leave out 'about the making of reasonable charges'.

Amendment 76, page 49, line 14, leave out sub-paragraphs (2) and (3).

Amendment 77, line 28, leave out section (6).

Government amendments 86 and 87.

George Hollingbery: It is a great pleasure finally to be able to speak to amendment 72. I have missed a Select Committee visit to the Netherlands to do so—my furthest trip so far has been to Manchester.

It is a pleasure to serve under your chairmanship today, Ms Primarolo. Let me make it clear to the Committee at the outset that the amendment is probing. I do not intend to press it to a vote. My aim is to give the Government an opportunity to clarify their thinking on administrative arrangements for distribution of council tax reduction schemes. There is clearly some sense in local authorities being able to pool their sovereignty—*[Interruption.]*

The Second Deputy Chairman of Ways and Means: Order. The Committee needs to be a little quieter, so that we can hear Mr Hollingbery moving his amendment.

George Hollingbery: I am grateful, Ms Primarolo. As I was saying, there is clearly some sense in local authorities being able to pool their sovereignty in relation to their schemes to administer council tax rebates, especially in two-tier areas such as mine in Meon Valley. If one accepts that local conditions in, say, Hampshire will be at least somewhat similar, it makes sense for a uniform scheme to be adopted by all councils in the county. That may well allow schemes to be run more cost-effectively: for example, not only could one processing centre rather than many be used, but it would create one point of contact with other agencies that need to be consulted. Furthermore, assuming that fraud investigation is to be run locally, such an arrangement would allow the accumulation of expertise and critical mass that would otherwise be diffused between many offices.

That type of arrangement would also greatly assist the achievement of a commonality of expectation and understanding of a scheme across a wider area. Several right hon. and hon. Members this evening have talked about the potential for confusion in very localised council tax schemes.

John Healey: The hon. Gentleman is making a persuasive case, which is consistent with pooling principles elsewhere in the Bill, and I hope he makes some headway with Ministers. Does he not agree that, with only four minutes left when we started this group of amendments, only the third of 10 on the selection paper, there are some important issues that we have not reached, and that if they are to be aired we will have to return to them on Report?

George Hollingbery: I am grateful to the right hon. Gentleman for his intervention, in which he makes a reasonable point. However, if I may, I shall continue to develop my theme a little further.

I believe we would achieve a commonality of expectation across a pooled area, such that people could begin to understand what they would get from a council tax rebate scheme. Simply put, we would avoid the strange situations where streets are split in such a way that there is one expectation of the scheme on one side of the street and a different expectation on the other. The Bill makes no mention of such schemes, but chapter 3 of the Government's response to the consultation on localising support covers the issue, and it makes the case that such schemes are possible under existing powers. It would be useful if the Minister briefly outlined his thoughts on how that would work, and which existing powers might allow local authorities to draw up schemes—assuming, of course, that he will have the time to do so, which is unlikely.

Even if legislation allows such schemes to be put together, it might be useful for there to be a standard, approved scheme, produced by Government, to reduce cost still further.

10 pm

Proceedings interrupted (Programme Order, 10 January).

The Chair put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83D).

Question put, That the clause stand part of the Bill.

The Committee divided: Ayes 305, Noes 227.

Division No. 448] **[10 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Andrew, Stuart
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burt, Lorely
Byles, Dan
Cairns, Alun
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Drax, Richard
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Macleod, Mary
Main, Mrs Anne
Maynard, Paul
McCartney, Karl
McCrea, Dr William
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Mills, Nigel

Milton, Anne
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Paisley, Ian
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Simmonds, Mark
Simpson, David
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Norman Lamb and James Duddridge

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Doyle, Gemma
Dromey, Jack
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Elliott, Julie
Ellman, Mrs Louise
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian

Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Phil Wilson and Jonathan Ashworth

Question accordingly agreed to.

Clause 8 ordered to stand part of the Bill.

Schedule 4

AMENDMENTS RELATING TO COUNCIL TAX REDUCTION SCHEME

Amendments made: 86, page 51, line 8, schedule 4, leave out sub-paragraphs (1) and (2).

Amendment 87, page 51, line 40, at beginning insert 'In Schedule 2 (administration),'.—*(Andrew Stunell.)*

Schedule 4, as amended, agreed to.

Clause 9 ordered to stand part of the Bill.

Clause 10

POWER TO SET HIGHER AMOUNT FOR LONG-TERM EMPTY DWELLINGS

Amendment made: 17, in clause 10, page 7, line 17, at end insert—

'( ) In section 13(3) (amounts which may be reduced by regulations) after "section 11, 11A" insert ", 11B".'.—*(Andrew Stunell.)*

Clause 10, as amended, ordered to stand part of the Bill.

Clauses 11 to 16 ordered to stand part of the Bill.

New Clause 11

PAYMENT OF ADDITIONAL GRANT

'The Secretary of State shall be required to pay an additional grant to a local authority if, at the end of any financial year, the total expenditure incurred by the authority under any scheme approved pursuant to Schedule 4 of this Act is greater than the amount of grant received from the Secretary of State to fund the scheme. The amount paid to the authority shall be the difference between the sum originally received and the total cost to the authority of the scheme.'.—*(Helen Jones.)*

Brought up.

Question put, That the clause be added to the Bill.

The Committee divided: Ayes 225, Noes 309.

Division No. 449] **[10.14 pm**

AYES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Doyle, Gemma
Dromey, Jack
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Elliott, Julie
Ellman, Mrs Louise
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hamilton, Mr David
Hamilton, Fabian
Hancock, Mr Mike
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon

Hoey, Kate
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lloyd, Tony
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thomberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whitehead, Dr Alan
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Ayes:
Phil Wilson and Jonathan Ashworth

NOES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Andrew, Stuart
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Beresford, Sir Paul
Berry, Jake
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burt, Lorely
Byles, Dan
Cairns, Alun
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Dorrell, rh Mr Stephen
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, Stephen
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Herbert, rh Nick
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lancaster, Mark
Latham, Pauline
Leadsom, Andrea
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver

Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Macleod, Mary
Main, Mrs Anne
Maynard, Paul
McCartney, Karl
McCrea, Dr William
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Mills, Nigel
Milton, Anne
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Paisley, Ian
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robertson, Hugh
Robertson, Mr Laurence
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Simmonds, Mark
Simpson, David
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swinson, Jo
Syms, Mr Robert
Teather, Sarah
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Noes:
Norman Lamb and Stephen Crabb

Question accordingly negatived.

The Deputy Speaker resumed the Chair.

Bill, as amended, reported.

Bill to be considered tomorrow.

Mr David Winnick (Walsall North) (Lab): On a point of order, Madam Deputy Speaker. I know that Mr Speaker is very keen to defend the rights of Back Benchers. Tomorrow, as you know, we will debate Lords amendments to the Welfare Reform Bill. The first amendment, on employment and support allowance, deals with cancer patients and others. Obviously, I do not want to go into its merits or otherwise now. I have checked with the Clerks, and I am concerned because, whatever time that debate starts, it must end at half-past two. After Prime Minister's questions and the ten-minute rule Bill, there would be an opportunity to debate the amendment for nearly two hours. However, if there is a statement or other parliamentary business, a matter that concerns many of our constituents could be debated for just half an hour. I therefore ask you, Madam Deputy Speaker, whether anything can be done to give at least nearly two hours to debating such a crucial issue.

Madam Deputy Speaker (Dawn Primarolo): The hon. Gentleman, who is an experienced Member, is correct to say that Mr Speaker takes defending Back Benchers' rights very seriously. However, he also knows that timetabling Bills is not a matter for the Chair, but for the House. I am sure that all those present will bear his comments in mind.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

LOCAL GOVERNMENT

That the draft City of Liverpool (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.—*(Mr Dunne.)*

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 1 February (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

That the draft City of Nottingham (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.—*(Mr Dunne.)*

The Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 1 February (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

VALUE ADDED TAX

That the Value Added Tax (Land Exemption) Order 2012 (S.I., 2012, No. 58), dated 11 January 2012, a copy of which was laid before this House on 11 January, be approved.—*(Mr Dunne.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Corporation Tax

That the draft Enactment of Extra-Statutory Concessions Order 2012, which was laid before this House on 11 January, be approved.—*(Mr Dunne.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

European Union

That the draft European Union (Definition of Treaties) (Republic of Korea Framework Agreement) Order 2012, which was laid before this House on 5 December, be approved.—*(Mr Dunne.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Local Government

That the draft City of Leeds (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.—*(Mr Dunne.)*

Madam Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 1 February (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Local Government

That the draft City of Bristol (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.—*(Mr Dunne.)*

Madam Deputy Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 1 February (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

Local Government

That the draft Local Authorities (Conduct of Referendums) (England) Regulations 2012, which were laid before this House on 5 December, be approved.—*(Mr Dunne.)*

Question agreed to.

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

Energy Efficiency

That this House takes note of European Union Document No. 12046/11, relating to a draft Directive on energy efficiency and repealing Directives 2004/8/EC and 2006/32/EC; and supports the Government's view in welcoming the overall level of ambition of the Directive, whilst rejecting unnecessary levels of prescription, and seeking full compatibility with key United Kingdom policies.—*(Mr Dunne.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 119(11)),

Passenger Name Records

That this House takes note of European Union Documents No. 17697/09, a draft Council Decision on the conclusion of the Agreement between the European Union and the United States of America on the processing and transfer of Passenger Name Record (PNR) data by air carriers to the United States Department of Homeland Security (2007 PNR Agreement), No. 17429/11, a draft Council Decision on the signature of the Agreement between the USA and the EU on the use and transfer of PNRs to the United States Department of Homeland Security, No. 17430/11, a draft Council Decision on the conclusion of the Agreement between the USA and the EU on the use and transfer of PNRs to the United States Department of Homeland Security, No. 9821/11, a draft Council Decision on the signature of the Agreement between the EU and Australia on the processing and transfer of PNR data by air carriers to the Australian Customs and Border Protection Service and No. 9823/11, a draft Council Decision on the conclusion of the Agreement between the EU and Australia on the processing and transfer of PNR data by air carriers to the Australian Customs and Border Protection Service; supports the Government's decision to exercise its right, in accordance with the protocol on the position of the United Kingdom, to take part in the adoption and application of the Proposal for Council Decisions on the Signature and Conclusions of the Agreement in relation to the United States of America; and endorses the decision taken on 23 August in relation to Australia.—*(Mr Dunne.)*

Question agreed to.

Early Intervention

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Dunne.)*

10.31 pm

Andrea Leadsom (South Northamptonshire) (Con): Last year's riots were unprecedented in their violence and in the damage done to our society. We saw headlines such as "Mob Rule" and "Flaming Morons". I hope never to see such things again. We owe a debt of gratitude to the police, who had to clear up under such difficult circumstances.

No one made those young people loot and steal and cause so much damage and fear, and there can be no excuse. The punishments meted out were right and I fully support them, but since those days the headlines have changed. We are not talking about the riots and the problems caused by those people, but asking why they did it. What caused that disorder? Is it moral decline, that the young have no respect, the benefit society or something more fundamental?

I want to prevent that type of appalling activity from becoming the norm in Britain or any other society, as I am sure all hon. Members do. To do that, we need to look seriously at prevention. I want to put the case that prevention is not just kinder than cure but incredibly cheaper.

Ian Paisley (North Antrim) (DUP): I congratulate the hon. Lady on securing this debate. Does she welcome the "searching for answers" conference, which will commence tomorrow under the auspices of His Royal Highness the Prince of Wales, and which will be about the riotous situation that occurred in this land? Is that a welcome opportunity to try to get some of the important answers to the problems that she is describing in the House tonight?

Andrea Leadsom: The hon. Gentleman makes a good point. Anything that helps to prevent a repeat is to be welcomed.

I want to focus on a topic that we do not often discuss in the Chamber: the importance of love. Love in a prevention context begins with conception. It needs to go on throughout the baby's life, but the critical period is conception to the age of two years. There is a very important reason for that: a loved baby who has his needs met will generally learn that the world is a good place and that people are generally kind. That baby will grow up expecting to be able to form secure bonds, make friends and hold down a job, and will generally have more capacity to lead a normal life.

On the other hand, the baby who is neglected or abused, or inconsistently treated, suffers two profound impacts. First, the baby who is left to scream is unable to control or regulate his or her feelings. When a baby knows something is wrong, he does not know whether it is because he is too hot, too cold, bored, tried or hungry—he just knows something is wrong, and he looks to an adult carer to sooth his feelings, relax him and get him back off to sleep.

When a baby is left to scream all the time, the stress hormone in the baby's body—cortisol—rises to a level where it harms his immune system, and that harm can be permanent. What is more, if the baby constantly experiences raised stress levels, he becomes tolerant of his own stress level. You or I, Madam Deputy Speaker, might be excited by a scary episode of "Doctor Who", but somebody with a high tolerance of their own stress level might need to go out to stab somebody to get the same level of excitement. Being permanently left to scream therefore has a profound impact on a baby.

The second impact is even more amazing. When a baby is born, his brain is barely developed; he simply has the amygdala, with the fight or flight instinct. Between six and 18 months old, the frontal cortex—the social part of the brain—starts to develop and puts on its peak growth spurt. That growth is literally stimulated by a loving relationship between baby and carer. Playing games such as peek-a-boo or gazing into baby's eyes and saying, "I love you" and "Aren't you beautiful?" literally stimulates the development of the baby's brain. Conversely, as we saw from the appalling situation in Romanian orphanages, the orphans, who had no human contact at all, literally suffered brain damage; they were unable to communicate in any way, because they had had so little human contact.

Anna Soubry (Broxtowe) (Con): I congratulate my hon. Friend on the debate and on all the sensible things she is saying with great passion and clear knowledge. Does she agree that it is imperative if children born into the most terrible circumstances are to be adopted, we make sure they are adopted as quickly as possible, given the excellent evidence she has placed before us this evening?

Andrea Leadsom: I thank my hon. Friend for that point, and I will come to it later.

If someone does not love their baby, and they do not bond properly with him in those first two crucial years, they are literally impairing their capacity to lead a normal life. The sad truth is that research shows that 40% of children in Britain are not securely attached by the age of five. That does not mean that they all go on to become criminals, psychopaths, sociopaths, paedophiles or drug addicts, but it does mean that their capacity to deal with the things life throws at them and the problems they will encounter is much lessened. They are less likely to be able to cope with holding down a job, making friends, and forming and keeping a relationship. At the extreme end, a baby will have been severely neglected or abused, and that is where we will find sociopaths. Sociopaths are not born, but made by their earliest experiences in the first two years of life.

Before we all go out and throw up our hands in despair, I want to make the case that there is a huge amount that can be done. Things do not have to be like this. If we as a society committed to making the very earliest intervention to provide the support needed for families, we could do so much in the first two years of life, when the baby's brain has the ability to reach its full potential. We could turn things around and do great things.

The Oxford Parent Infant Project—a charity that I chaired for nine years, and of which I have been a trustee for 12 years—does precisely that work in Oxfordshire. In the past few months, I have launched a sister charity, the Northamptonshire Parent Infant Project, to do the same work. We work together with families—normally the mum, but it can be the dad or the

[Andrea Leadsom]

grandparents—and the baby to help the carers understand, first, their own feelings about caring and parenting, and, secondly, the baby's needs. We literally enable the adult to love the baby; we reintroduce them to each other, with astonishing results.

When Oxpip and Norpip get their referrals, the parents are desperate—they are about to commit suicide, infanticide or both. We have referrals from health workers, midwives and social services, which, in Oxfordshire, certainly often use Oxpip as their emergency service. If they have tried everything else, they will come to us to see what we can do. As I said, the results have been astonishing. An enormous amount can be done, therefore, to reverse this cycle of deprivation. The problem is that so often a failure to attach in those early years is the result of the parents' own terribly unhappy lives.

Jim Shannon (Strangford) (DUP): In Northern Ireland, an organisation called Home Start—it probably covers the whole of the United Kingdom—provides that level of support when it is needed most. I know of many ladies in my constituency and across the whole of Northern Ireland who benefited greatly from Home Start. Is that an example of what we need to do everywhere in the United Kingdom?

Andrea Leadsom: I completely agree that Home Start does some excellent work—in my constituency, it is actually based directly below Norpip—and we work together with it. But I am talking about psycho-therapeutic support for the most difficult early relationships. Often it is parents' own unhappy lives that give them problems bonding with their babies.

Andrew Selous (South West Bedfordshire) (Con): I hugely congratulate my hon. Friend on the mature way in which she is discussing issues that politicians often find hard to discuss. Does she agree that it is often easier to give children this incredibly important love if both parents are loving and committed to each other? That can be hugely helpful.

Andrea Leadsom: My hon. Friend makes a good point. Of course, as I said, it is often parents' own unhappy lives that cause them to struggle to bond with their baby. For example, a mother who did not form a bond with her own mum as a baby will struggle to bond with her own baby. Her capacity to love her baby will be impaired. Often, relationship or marital breakdown, extreme poverty, drug abuse, perhaps domestic violence and other such issues make it incredibly difficult for the mum and the family to find the love that the baby desperately needs. Often, the baby becomes the last person whom anybody thinks about.

In truth, of course, early intervention and early attachment is no respecter of class or wealth. One can be extremely poor and extremely securely attached to one's baby, but equally one can be extremely wealthy, with all the privileges it brings, and bring up the least happy child in our society. It simply does not go with the turf.

I urge the Government, in the light of our correct decision to turn to localism in the early intervention agenda, to allow local communities, in as many ways as possible, to make decisions for themselves. We must educate people much more on the importance of early attachment and the need for that early bond. Oxpip, for example, trains social workers, health visitors and midwives, and on the evaluation forms almost everyone says, "If only I had known this sooner."

In the case of baby Peter, I remember thinking, "How could any mother allow someone to stub out a cigarette on her baby? How poorly attached was she to that baby!", but then my next thought was, "What if he had survived?" All the talk was about how physically damaged he was, but what about how mentally damaged he was? This is the problem. We have to educate people, particularly in the perinatal, infant health care and mental health care professions on the crucial importance of early attachment.

That requires, first, proper training for social workers, health visitors and midwives on understanding early attachment itself. We need proper training of the sort that Oxpip provides. Secondly, sadly we often find that schools say to a young girl, "Well, if you're not going to make it as a hairdresser, have you thought of child care?" Too many nurses, therefore, are very young people—often girls—who themselves have not had a happy childhood and who are looking for love with somebody else's baby, but of course it does not work that way. To be a proper nursery worker, somebody needs to have the empathy skills, not simply the right national vocational qualification or GCSEs. That is incredibly important.

Thirdly, on another call to action for the Government, we desperately need to ensure that children themselves understand this point. The right hon. Member for Birkenhead (Mr Field) has talked of children entering school who do not recognise their own name unless it is yelled at them with real hatred—and probably with some stinking epithet attached at the end. The point is not that the child is not school-ready but that massive damage has already been done. If we do not intervene until school age, therefore, we are just dealing with the consequences—but that is not prevention; it is firefighting. What I would like to see, therefore, is all children in their science GSCE being taught about early brain development—being taught that the brain is not fully developed at birth and that the earliest relationship will have profound consequences for the healthiness of the brain as people grow up.

Finally—this is the other call to action—the protocols in nursery care often mean that someone will do the nappies for the morning run, while someone else will do the noon run and someone else the after-lunch run. That has to stop. Nurseries need to understand that for attachment to take place, there must be a bond between the nursery worker and the baby, so that that person can make a genuine contribution to the baby's attachment ability, rather than detracting from it. Nursery protocols can therefore be either extraordinarily helpful or extraordinarily harmful in improving the quality of attachment.

There is an awful lot of understanding about the issue now. Most people would accept that early intervention is crucial, but when I go and talk at conferences, or even when I talk to colleagues in the House, people understand "early intervention" to mean different things. I have had councillors saying, "We do early intervention to prevent people from having house fires. We go round and advise them on smoke detectors, and so on." Other people say, "Of course, early intervention is stopping teenage girls

getting pregnant." Others think that early intervention is about sports clubs to stop boys joining gangs. The terminology has become so confused that people do not really understand what early intervention is. All those other interventions have their place. They are all critical in repairing the damage that has been done. However, if we are serious about creating a better society for our children and our children's children, "early years prevention" must mean just that: from conception to the age of two. We can do no better than that for our children.

10.46 pm

The Minister of State, Department for Education (Sarah Teather): I congratulate the hon. Member for South Northamptonshire (Andrea Leadsom) on giving an absolutely fascinating speech. I always respect what she says, and I am always grateful for her contributions on these issues. It is good to hear someone who has so much interest, expertise and passion speak on this subject. I share her passion for this subject, which is incredibly important.

Early intervention is a hugely important issue, and the term refers to many of the things that she described. However, I should say that I am the Minister with responsibility for early years, so I have a particular bias towards ensuring that early intervention really focuses on early years issues. The point about attachment is gathering pace in debate, as well as in the knowledge among professionals on the ground. The work that Oxpip has done, along with the hon. Lady's work in continuously raising this issue, is important in ensuring that professionals understand the importance of attachment and that the Government consider it when we develop our early years policies.

I absolutely agree with the hon. Lady's points about the importance of warm parenting and bonding. Those issues go to the heart of many of the things that we have been trying to do over the last 18 months. She will be aware that I and the Under-Secretary of State for Health, the hon. Member for Guildford (Anne Milton), who has responsibility for public health, jointly published a document in the summer called "Families in the Foundation Years", which covers many of the things that she picked up. There is a lot more work to do in this area—some of it is just beginning—but some of the themes that the hon. Member for South Northamptonshire picked up are being addressed by what is very much work in progress, across both the Department for Education and the Department of Health. In a sense, the things that she has talked about go right to the heart of the intersection between those two Departments. Indeed, it was a toss-up as to whether it would be me or my colleague the Minister with responsibility for public health responding this evening. We both take such issues incredibly seriously, which is why we are collaborating on much of the work on the nought-to-five age group.

The hon. Member for South Northamptonshire outlined the impact that insecure attachment can have on neurodevelopment and, in particular, the ways in which it affects levels of cortisol and the long-lasting impact that this can have on brain development. That is worth emphasising. Not all the research is concrete enough for us to be able to tell in retrospect whether somebody's difficulties are a result of attachment issues, but there is good evidence that stress in early years results in attachment issues later. It is not always possible to bring that back retrospectively, when somebody's behaviour is difficult, but there is certainly good correlative evidence that the lack of a warm bond from the beginning can result in serious behavioural problems later.

The issues that the hon. Lady has raised go to the heart of a number of matters that are a priority for the Government in the areas of family policy, health policy and child development. We have many of the systems in place that will begin to pick up on those issues. This is about universal and targeted services. She made the powerful point that issues of attachment are no respecter of class or income, which is precisely why we need children's centres that are universal, but that can focus on those who are in the most need. They must have a universal front door through which anyone can walk, and they must not stigmatise those people who walk in and ask for the services. They must then focus their resources on the most difficult and challenging problems, including those that the hon. Lady mentioned. That is exactly what we have been trying to achieve.

Regarding the statement that we published in the summer, a number of things will be key if we are going to get this right. First, it is about identifying need early and putting in place the support to help the families that need it. Frankly, the first problem that we need to get over is that of data sharing. As I have said, this problem goes to the heart of issues covered by the Department for Education and the Department of Health, and data sharing is one of the big nubs that the previous Government tried to get to grips with. My colleague the Under-Secretary of State for Health and I are determined to pick up on this issue, because until the information about which families are most in need can be passed between the different professionals, it will be difficult to put in place the help that we know is available.

Over the past six months, I have seen some really good examples of where the services are working really well, and it is worth taking a minute to talk about them. The most exciting of the examples was in Manchester. I visited the Clayton Sure Start children's centre just after the riots to find out about the work that it had been doing in this area. As part of a drive to improve the integration of services with GPs in the area with the most deprived wards, the GPs themselves had arranged for junior doctors who were training to become GPs to spend time at children's centres to see the services that were being delivered. Among the messages that they were trying to get across was that, when a woman presents with post-natal depression, it is not just the woman whom they need to treat. They need to look beyond the patient and to understand that a newborn child is also involved and that, unless they get the services right, there could be a risk of attachment disorder later. That is not to say that every woman who presents with post-natal depression will have a child who ends up with attachment disorder, but GPs need to be aware of these issues.

The hon. Lady made a point about training for professionals. Health visitors are trained to understand these things, as are early years workers, although I think that there is much that we can do to improve on that. I will come back to that in a moment. Many GPs have very little knowledge of child development and attachment issues. That was a really exciting project on social prescribing, and I will be fascinated to see the results. I hope that many other areas will follow Manchester's example, and learn just what can be done.

[Sarah Teather]

Similarly, some really good work has been done in Hull, involving an agreement to share information between local health services and children's centres. The project has been led by one inspirational woman who is absolutely determined to ensure that the information was shared. The result of the agreement was that health visitors and family outreach workers were not duplicating each other's work. They were sharing information and getting to the families in need quickly. They were also able to put in place the kind of support that the children's centres offer, to help parents to understand the need to speak to their children in a particular way, and to understand about the warm parenting styles and firm parenting styles that are important right from the beginning.

The hon. Lady will be aware that the Government have committed to significantly increasing the number of health visitors. We plan to increase the health visitor work force by 4,200 by 2015 to ensure that the healthy child programme is fully and consistently implemented. At the moment, because of the patchy availability of health visitors, not everyone gets the support that they need. Ensuring that that service is well linked to the work that we are doing with children's centres is at the heart of what we are trying to do.

Similarly, the Government have doubled the amount of funding available for the family nurse partnership—a programme that works intensively with particularly vulnerable young mothers and young parents to make sure that they get support right from conception, as the hon. Lady said, so that we do not pick up problems several months down the line when some of the problems have already begun to cement. It is an important programme, which we know makes an enormous difference to families at what is often a particularly difficult time. The nurses are very experienced and receive additional training in motivational interviewing, neurological development, attachment, mental health and strength-based working in a therapeutic relationship. Those are important skills, which help to ensure that the nurses are able to support mothers at that time.

Andrea Leadsom: I agree that the family nurse partnership is excellent, but does the Minister agree with me that it is entirely possible to come up with other strategies that would be less expensive and less prescriptive, including different therapies that might be more appropriate for certain types of parents rather than a prescribed particular programme that costs the taxpayer a lot of money to implement?

Sarah Teather: As the hon. Lady says, the family nurse partnership is one of our more expensive programmes. It is focused on very young mothers, and the doubling of the programme has been aimed primarily at expanding the help available to young, mostly teenage mothers who we are know are vulnerable. That is not to say, however, that other forms of help cannot also be extremely effective. The hon. Lady speaks with great passion about the work of the charity with which she is involved. Children's centres have other models for helping to support women, particularly in areas where data sharing is working well and someone might be brought into a children's centre before they give birth. It does not necessarily mean that the support they get is through the FNP system. There may be other ways of supporting those women. It is important for children's centres to build on the best evidence available, but they must also be left free to innovate and develop their own work—based on what is known works.

Let me provide an example—outreach work. We are trying to improve the quality of the work done on outreach and family support. At the moment, there is a great variety of types of work on outreach. We have been working with the National College for School Leadership to develop some leaders in this area so we can draw together the evidence of best practice and disseminate it to encourage all areas to adopt the elements that we know work. That is not to say that every programme has to be badged or that everybody has to call their family support worker—sometimes called something slightly different. We know that certain key components of this work make a difference, so the key components of best practice will make a difference to families in difficulty.

I have only a few minutes left, so I would like to pick up some other points raised in the debate. The hon. Member for South West Bedfordshire (Andrew Selous) raised a point about relationship support. I think that is critical for both the reasons the hon. Gentleman suggested, but also because when parents are in conflict, it is incredibly damaging for children as they grow up. That is the main reason why the Government are providing support for relationships—formal face-to-face relationship support, but we have also provided money for telephone counselling. This is an important feature of parenting programmes that work well. If we are to support parenting, we know that it is key to support the parents' relationship and get them to talk to one another. They must have some support to ensure that the relationship is solid; parents should have the skills to negotiate with one another, not just with the child. Working with only one parent in such circumstances tends to be less effective. It may not have no good results, but the results will be much better if a component of relationship support is included.

Last September the Government announced a trial of a new offer of universal parenting support, which will take place in three areas for parents with a child under five. That was a response to evidence that parents' relationships with their children was critical to the home learning environment—the hon. Member for South Northamptonshire mentioned children aged between nought and two, but in fact the relationship is critical throughout, and is one of the most important factors that determine how well a child does—but also a response to what parents tell us, which is that they want more support in this regard.

We will begin the trial, and we will see what happens. We will see whether parents take up the offer, whether it is popular, and whether it has an impact on parenting style. It is one of the things that we will need to evaluate at a later stage. We will want to know whether it deals with some of the points that have been raised this evening about harsh parenting styles that have an impact on children's development and on discipline, but we also want to test the theory that if we provide this—

11.1 pm

House adjourned without Question put (Standing Order No. 9(7)).

House of Commons

Wednesday 1 February 2012

The House met at half-past Eleven o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

INTERNATIONAL DEVELOPMENT

The Secretary of State was asked—

Bangladesh

1. **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): What recent assessment he has made of the development needs of Bangladesh. [92777]

The Minister of State, Department for International Development (Mr Alan Duncan): The bilateral aid review identified as the main needs of Bangladesh: expanding access to health, education and safe water for the poorest; protecting against risks related to climate change; and supporting private sector development to help the poor lift themselves out of poverty. The UK's development programme directly targets those needs and will lift 5 million people out of poverty by 2015.

Eric Ollerenshaw: How far does the Minister think that the wider work of his Department is helping to meet the desperate need for increased political stability in Bangladesh?

Mr Duncan: All three Department for International Development Ministers have visited Bangladesh in the past few months, and we are encouraging all political parties to work towards free, fair and credible elections to be held by early 2014. That requires the politics of vision, not the politics of venom, and the UK stands ready to continue our work with the Bangladesh Election Commission to make the elections a success and to help the democratic process.

Keith Vaz (Leicester East) (Lab): Some 5.7 million people in Bangladesh suffer from diabetes. If this trend continues, 10% of the population will have diabetes by 2025. Which DFID programmes specifically assist the Bangladeshi Government in preventing diabetes?

Mr Duncan: Many of the multilateral programmes focus more than our poverty programmes do on this challenge, but the right hon. Gentleman does the issue a great favour by highlighting the significance of diabetes. I can assure him that we will give it the attention it deserves in all the work that we do in the country.

UN Relief and Works Agency

2. **Tony Lloyd** (Manchester Central) (Lab): What assessment he has made of the (a) financial situation and (b) capacity to fund existing programmes of the UN Relief and Works Agency in 2011-12. [92778]

5. **Caroline Dinenage** (Gosport) (Con): What estimate he has made of the financial situation of the UN Relief and Works Agency in the occupied Palestinian territories in 2011-12. [92781]

The Minister of State, Department for International Development (Mr Alan Duncan): In 2011 DFID gave just over £30 million to UNRWA, and we are in the process of setting our budgets for the next few years. We will work with all donors and host Governments to help UNRWA's long-term financial position so that it can continue to deliver its programmes to meet the needs of Palestinians and Palestinian refugees.

Tony Lloyd: The Minister will be aware that about 75% of Palestinians in Gaza depend on food aid from UNRWA, and with the massively increased number of demolitions of homes in Jerusalem and the west bank by Israeli forces, UNRWA's work is vital to Palestinians. The Government have a good record on funding. Will he give a commitment that that will continue, and will he work to ensure that the international community recognises UNRWA's importance?

Mr Duncan: Yes, we have repeatedly made clear to the Israelis our serious concern at last year's 40% increase, as recorded by the UN, in the number of demolitions of Palestinian properties in the west bank and East Jerusalem. We view such demolitions and evictions as causing unnecessary suffering to ordinary Palestinians and as harmful to the peace process. In all but the most limited circumstances, they are contrary to international humanitarian law, and we condemn them.

Caroline Dinenage: Given that UNRWA is responsible for the refugee camps outside the occupied territories, will the Minister please update the House on what his Department is doing to support these camps?

Mr Duncan: My hon. Friend is right to point out that UNRWA's remit extends beyond the Palestinian territories themselves. Conditions in refugee camps in Lebanon, Syria and Jordan remain fragile, and DFID funds UNRWA to provide essential services to all these refugees across the region. In 2011 our support helped to provide maternal health care to 263,000 women, education for 45,000 children, and food and income support for 29,000 refugees. We are in close contact with UNRWA as it strives to maintain services in Syria.

Ann Clwyd (Cynon Valley) (Lab): What assistance will the Government give to the Palestinians whose houses have recently been demolished?

Mr Duncan: Most of the support to refugees is given through UNRWA, but we are giving our full support to the Palestinian Authority, it being the effective government of the west bank, and through it we hope to ensure that

all those affected are properly supported by access to the full legal rights necessary to pursue any claims that they might have.

Mr Gary Streeter (South West Devon) (Con): May I particularly welcome the extra funding recently announced for the 400,000-plus refugees in Lebanon to help fund health care and education for thousands of children? Does my right hon. Friend agree that although this assistance is welcome in the short term, it is no substitute for the long-term peace settlement necessary to enable these 5 million refugees to go home and get on with their lives?

Mr Duncan: My hon. Friend is absolutely right and I am sure that the vast majority of Members in this House agree with him. The permanent plight of someone who is an everlasting refugee is not something that any of us would relish, and it is the peace process that we hope can eventually give a permanent settlement and solution for those who are so affected.

Somalia

3. **Glyn Davies** (Montgomeryshire) (Con): What recent assessment he has made of the humanitarian situation in Somalia. [92779]

10. **Mr Robert Buckland** (South Swindon) (Con): What recent assessment he has made of the humanitarian situation in Somalia. [92786]

The Secretary of State for International Development (Mr Andrew Mitchell): I returned yesterday morning from a visit to Somalia. Thanks to British aid and support, the lives of millions of Somalis have been saved. We have reduced the number of people in danger of imminent death by two thirds, but 250,000 people—many of them children—remain in danger of starving to death.

Glyn Davies: On his visit to Somalia, the Secretary of State will have been in a good position to make an assessment of the current state of the famine there. We know that the United Kingdom has made a significant effort in leading the relief work. Is he satisfied that the international community is making the same effort to help the beleaguered people of Somalia?

Mr Mitchell: My hon. Friend is right to underline the importance of the whole international community being engaged in tackling the famine. The situation is that some two thirds of those who were in imminent danger of starving to death are no longer in that position, and Britain has been involved in quite literally saving something like half a million lives in the last year. Huge lobbying is still required. Britain has made it clear that we will produce assistance over the next year, specifically to tackle acute malnourishment, providing seeds, fertiliser and clean water, but the whole international community must take up this task.

Mr Speaker: I call Mr Buckland.

Mr Buckland: Question 10, Mr Speaker.

Mr Speaker: The hon. Gentleman's question has been grouped with question 3. His moment is now; his opportunity is here.

Mr Buckland: I want to ask about the situation in Somaliland and the aid that has been channelled to that part of the country. What proportion of our aid is going to consolidate the excellent progress that has been made in civil society in Somaliland?

Mr Mitchell: My hon. Friend has used his opportunity well, Mr Speaker. Some 60% of Britain's development support for Somalia goes into Somaliland, but as the Foreign Secretary has made clear recently, it is extremely important that Somaliland and Puntland settle the dispute on their border as speedily as possible. When disputes are settled in Somalia, we will be able to address the underlying causes of poverty and not have to cope with the symptoms of it.

Hugh Bayley (York Central) (Lab): The consequences of the bad harvest last year and the famine are, of course, enormously aggravated by the lack of security in Somalia and the control that al-Shabaab has in many parts of the country. What are the Government doing, on their own account and through the European Union, to strengthen AMISOM—the African Union Mission in Somalia—and improve security in Somalia?

Mr Mitchell: It is absolutely essential that AMISOM is strengthened and given the capacity to operate more effectively, but the answer to the hon. Gentleman's question is that the Prime Minister has convened a conference on Somalia in London on 23 February. The processes that come out of that will not be led by the international community or Britain; they need to be owned by the Somalis, led by the Somalis and the countries of the region, and strongly supported by the international community.

Tony Cunningham (Workington) (Lab): May I ask the Secretary of State for his response to the criticism in the Oxfam and Save the Children report "A Dangerous Delay", which is partly based on Somalia? Does he think that there are lessons to be learned, given that an imminent threat of famine is now looming in the Sahel?

Mr Mitchell: Oxfam and the other agencies did a service in pointing out—as they did in their report, if not in their press release—that Britain had shown the way and led the world in tackling the famine in the horn of Africa. However, the report is right in identifying the importance of long-term action to support resilience. As for the Sahel, Britain is not going to lead there, but we have announced a significant amount of support, specifically: therapeutic feeding for 68,000 children; support with food and water for 50,000 people; and support in terms of seeds and vaccinations for cattle for 30,000.

Martin Horwood (Cheltenham) (LD): I congratulate the Secretary of State on his visit to Somalia and on Britain's proactive response to the crisis there. However, may I ask whether he will be joining Turkey, which has said that it will be approaching some of the wealthiest Muslim countries to see if they can make a more substantial contribution to preventing starvation in Somalia?

Mr Mitchell: My hon. Friend identifies a most important aspect of the conference on Somalia that is to take place in London, which will be to ensure that all the different nations that are engaged in Somalia work together. It will also be important to ensure better co-ordination of humanitarian relief with the established, richer donors and the donors in the Gulf.

Mr Gregory Campbell (East Londonderry) (DUP): In recent years, there have been problems off the Somali coast for travellers, although progress has been made in recent months on that issue. Will the Secretary of State assure the House that liaison will continue internationally to ensure that people can travel across that part of Africa in safety?

Mr Mitchell: One of the problems is that of piracy. In Puntland, I was able to see the importance of tackling piracy by arresting pirates and putting them through the judicial system, as well as the other measures that, given some stability, the international community would be able to use to tackle the problem directly. We hope that this subject will also be addressed at the London conference.

South Sudan

6. **Bob Stewart** (Beckenham) (Con): What recent assessment he has made of the humanitarian situation in South Sudan. [92782]

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): The situation in South Sudan remains somewhat bleak, in the absence of agreement on the outstanding issues between the two Sudans. Humanitarian needs in South Sudan remain pressing, due to continuing inter-communal violence in Jonglei and elsewhere, and to the influx of refugees and returnees from Sudan. The United Kingdom continues to play a lead role in supporting an effective and co-ordinated humanitarian response. I will be giving oral evidence on South Sudan to the International Development Committee later today.

Bob Stewart: Would the Minister care to give us his assessment of the dangers being faced by displaced persons and refugees in South Sudan?

Mr O'Brien: I am grateful to my hon. Friend for his question; his knowledge of that part of the world is indeed deep, not least because of the tremendous contribution that his wife made to supporting the people of South Sudan some years ago. More than 85,000 refugees have arrived in South Sudan, fleeing the conflict over the border. There are 25,000 in Unity, and 61,000 in Maban. In Warrup county, the humanitarian community is supporting 110,000 people who have been displaced from Abyei since 2011. In addition, 360,000 have already been assisted in coming down from Sudan, with a potential 700,000 still to come. This is placing enormous strain on the emergency and humanitarian response, but the UK is playing a lead role and, in December, my right hon. Friend the Secretary of State announced a two-year package of support for the humanitarian funds. *[Interruption.]*

Mr Speaker: Order. I understand the sense of anticipation at this time on a Wednesday, but I remind the House that we are considering extremely serious matters affecting the people of South Sudan.

Mr Michael McCann (East Kilbride, Strathaven and Lesmahagow) (Lab): The United Nations mission in South Sudan has been widely criticised for having a poor mandate and for having its resources in the wrong place. What is the Minister's view on that?

Mr O'Brien: My right hon. Friend the Secretary of State has just returned from the African Union summit that was held in Addis Ababa last weekend, and he is fully seized of that issue. He had direct discussions on this matter with the chairman of the commission, with President Mbeki and with Prime Minister Meles. People are focused on the question of an appropriate mandate, but the current position is that it is better to deploy into the right places the troops who have been mandated, rather than distract ourselves with a review of the mandate itself.

Malcolm Bruce (Gordon) (LD): The Select Committee is looking forward to having an extended exchange with the Secretary of State on South Sudan this afternoon. In the light of the disruption of oil supplies, and the fact that the South Sudan Government are 98% dependent on oil revenues, will the Minister tell us what steps our Government and the international community are taking to resolve the dispute and to support the South Sudan Government in regard to that financial constraint?

Mr O'Brien: Extensive meetings took place in Addis Ababa over the weekend, in which my right hon. Friend the Secretary of State was involved at the highest level. The straight fact is that, while the oil dispute is outstanding, progress is going to be impeded. We call on all parties to acknowledge that it is in their mutual interest to pull back from the brink and reach an agreement, with the north getting the ships to sail and the south to release oil from the wells again.

Employment (Developing Countries)

7. **Mrs Sharon Hodgson** (Washington and Sunderland West) (Lab): What steps he is taking to increase the number of people in employment in developing countries. [92783]

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): Economic growth is the primary driver of job creation, and it is a top priority among the United Kingdom's new development policies on economic development, wealth creation and job creation. The Department is implementing programmes that will strengthen the private sector, encourage investment, improve finance for businesses and enhance the education and skills of the work force in developing countries.

Mrs Hodgson: At the last G20 meeting, world leaders committed to establishing a taskforce to look at employment in developed countries. With unemployment rates in developing countries above 60%, will the UK Government urge the G20 taskforce to look not only at developed countries but at developing countries as well?

Mr O'Brien: The hon. Lady is absolutely right that we need to look at both developing and developed countries. As discussed throughout what has been a disappointing out-turn from the Doha round, it is important to understand what is coming through in terms of jobs, job creation and investment flows in the emerging countries as well. She is right: this has to be on the agenda for developing countries as much as for developed ones.

Jeremy Lefroy (Stafford) (Con): Is my hon. Friend satisfied that the new flexibility given to the Commonwealth Development Corporation will enable it to increase employment in developing countries?

Mr O'Brien: The CDC has undergone fundamental reform over the last 18 months and is now ready not only to identify those things in which it can uniquely and competitively invest—patient capital, as it is best known—but to focus on what will end up being job-full rather than job-less growth in a way that will benefit the economies of developing countries.

Rushanara Ali (Bethnal Green and Bow) (Lab): Does the Minister still think that companies like Sun Biofuels, which has made more than 1,000 people redundant in Tanzania and treated local people appallingly, are a shining example for countries around the world of how to produce green energy that is good both for the environment and for the economy, despite concerns about the impact of biofuels on food security, water access, land grabs and doubts about whether they even contribute to environmental gains?

Mr O'Brien: The hon. Lady raises an issue about whether combining business risk and new green sources of energy is inevitably risky, with failures likely along that track. I understand her concerns, but she should not overlook the enormous progress made in developing economic growth and business potential in these countries, along with the drive towards green energy production and the need to ensure that these countries have an opportunity to leapfrog many of the technologies we have in the western world.

Burma

8. **Tony Baldry** (Banbury) (Con): What development support he is providing to Burma. [92784]

The Secretary of State for International Development (Mr Andrew Mitchell): The coalition Government have doubled British aid to Burma. If progress on political reform continues, we will be able to do much more.

Tony Baldry: Does my right hon. Friend consider that there is sufficient substance to the reforms in Burma? Is he confident that money provided by DFID for humanitarian relief is getting to the areas where it is needed, such as the Chin state?

Mr Mitchell: My hon. Friend poses the key question of whether these reforms are real. The fact that the regime in Burma has now released nearly all its political prisoners—particularly Min Ko Naing whom many Members campaigned to see released—is an enormously encouraging sign. The real test will come with the 48 by-elections due to take place before April. We will see how those elections are conducted and whether they are free and fair. If they are, that will be the most eloquent possible answer to my hon. Friend's question.

Topical Questions

T1. [92792] **Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): If he will make a statement on his departmental responsibilities.

The Secretary of State for International Development (Mr Andrew Mitchell): My Department is preparing energetically for the Prime Minister's conference on Somalia in London on 23 February. We are working hard to deliver the results we set out to the House in the key reviews conducted last year, and we are procuring humanitarian support for many of the most wretched people in the world.

Eric Ollerenshaw: Stepping Stones Nigeria is the charity based in Lancaster involved in educational development in the Niger delta. Would my right hon. Friend be good enough to facilitate a meeting between his officials and the charity to see how far that work can be expanded?

Mr Mitchell: The charity is doing excellent work, and we will be pleased to ensure that it can meet officials perhaps to find out how it can access the Government's new global poverty action fund, which specifically seeks to help non-governmental organisations and charities that are doing brilliant work in difficult parts of the world.

Mr Ivan Lewis (Bury South) (Lab): Does the Secretary of State think that it was appropriate for him to say in Delhi last December that a strategic aim of the United Kingdom's aid programme for India was "seeking to sell Typhoon"? With that one comment, he undermined the commitment of successive Governments not to tie aid to trade. Does he stand by his irresponsible comment?

Mr Mitchell: The hon. Gentleman should not believe everything he reads in the press. Of course I never made any such comment. As he knows very well, British aid has been untied for many years, and it is a commitment of both parties that it should remain untied.

T3. [92794] **Mr David Evennett** (Bexleyheath and Crayford) (Con): Can my right hon. Friend confirm that the Government recognise the importance of tackling neglected tropical diseases, and can he tell us what discussions he has had about the matter with the Gates Foundation?

Mr Mitchell: My hon. Friend is right to mention the work of the Government, together with the Carter Centre and the Gates Foundation, on the neglected tropical diseases that destroy the lives of millions of people in the world. I pay particular tribute to my hon. Friend the Under-Secretary of State for International Development, who has driven the process for the British Government, to the great advantage of people who are caught by these terrible diseases.

T2. [92793] **Cathy Jamieson** (Kilmarnock and Loudoun) (Lab/Co-op): I welcomed the words that we heard from the Government earlier in condemnation of the

displacement of Palestinians, but can the Secretary of State tell us specifically what assistance might be offered to the Bedouins who are currently being displaced from their traditional areas?

Mr Mitchell: All these humanitarian issues are wrestled with by the international community. The hon. Lady heard about the very specific support that Britain is delivering through UNRWA. We will consider her question about the Bedouins in the terms that she has specified.

T4. [92795] **Richard Harrington** (Watford) (Con): It is about a year since the Government announced the formation of the Arab Partnership Fund to help countries that were involved in the Arab spring. Is the Secretary of State satisfied with its progress?

Mr Mitchell: As my hon. Friend will know, the Arab Partnership Fund is financed partly through the Foreign Office and partly through my Department. We address many of the humanitarian issues, as well as issues involving the capacity-building and economic growth that are essential if progress is to be made, while the Foreign Office addresses many of the political issues. I am satisfied that the APF is delivering what we seek from it, but I accept that much more needs to be done in the future. *[Interruption.]*

Mr Speaker: Order. There are far too many noisy private conversations taking place in the Chamber. Let us have a bit of expectant silence for Mr Alun Michael.

T6. [92797] **Alun Michael** (Cardiff South and Penarth) (Lab/Co-op): On 7 July 2010, the Prime Minister joined me

"in welcoming the peaceful and credible elections in Somaliland"—[*Official Report*, 7 July 2010; Vol. 513, c. 361],

and promised to increase engagement and aid as a consequence. Will the Secretary of State tell us what his current priorities are in relation to helping economic and social development in Somaliland?

Mr Mitchell: We looked at the Somaliland programme following the intervention by the right hon. Gentleman and the Prime Minister, and I can tell the right hon. Gentleman that some 60% of British support for Somalia as a whole goes into Somaliland. During my visit to Hargeisa in Somaliland last year, I was able to observe the specific impact of that support both on economic development in Somaliland and on security. Britain is strongly engaged in supporting the training of the police and security forces.

T5. [92796] **Neil Carmichael** (Stroud) (Con): I am sure that all Members were appalled by the recent bombings in northern Nigeria, when so many people were killed and maimed. Given that 9 million people live in the city of Kano, all of whom are vulnerable to poverty and many of whom suffer abject poverty, will the Secretary of State confirm that he will take action, and continue to take action, to assist there?

Mr Mitchell: There were British officials in Kano when the explosions took place. They have all been safely evacuated to Abuja, but my hon. Friend is right to make it clear that our programme of support for northern Nigeria, where there are many extremely poor people who are a magnet for the terrorist recruiter, must address all those issues, and Britain is working closely with the Government of Nigeria to do that.

T7. [92798] **Lisa Nandy** (Wigan) (Lab): On a recent visit to the west bank, I was horrified to learn that schools are routinely targeted for demolition. Does the Secretary of State share my concern that that undermines humanitarian efforts in the west bank and East Jerusalem, and will he join me in condemning that appalling practice?

Mr Mitchell: As the Minister of State eloquently set out in answer to an earlier question, and as I saw for myself on a visit to the west bank and Gaza immediately before Christmas, humanitarian aid is targeted directly at helping the victims of what the hon. Lady describes. Our commitment is to continue to ensure that Britain is engaged in the most effective possible resolution of those matters, both on the ground and in international forums.

Mr Speaker: Patience rewarded: I call Mr Richard Fuller.

Richard Fuller (Bedford) (Con): APASENTH, a group with 20 years' experience of working with adults with special educational needs in London, will shortly visit Bangladesh to see whether it can use its expertise to establish a centre there for people with autism. Will the Secretary of State agree to meet me and members of APASENTH after its visit to see how his Department can help that initiative?

Mr Mitchell: I certainly undertake to ensure that a Minister meets my hon. Friend to discuss the matter. I suggest that he and the charity engage with the global poverty action fund—a new fund set up by the coalition Government to support non-governmental organisations with matching money. He may find that a rewarding vein to mine.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [92711] **Paul Farrelly** (Newcastle-under-Lyme) (Lab): If he will list his official engagements for Wednesday 1 February.

The Prime Minister (Mr David Cameron): I am sure that the whole House will wish to join me in sending our deepest condolences to the families and friends of Signaller Ian Sartorius-Jones from 20th Armoured Brigade Headquarters and Signal Squadron 200, and Lance Corporal Gajbahadur Gurung, attached to 1st Battalion the Yorkshire Regiment. These were dedicated soldiers who were highly respected by their colleagues. Their courageous, selfless service will never be forgotten by our country.

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I shall have further such meetings later today.

Paul Farrelly: May I associate myself and the whole House with the Prime Minister's remarks and his condolences to the families and friends of the two brave soldiers who have made the ultimate sacrifice in the service of their country?

In the past week, chief constables in England and Wales have warned that policing is on a "cliff edge" and is facing a "watershed moment", as numbers fall to their lowest in a decade. My force in Staffordshire is cutting hundreds of officers and staff, yet during the TV debates before the general election, the Prime Minister said:

"there's no doubt about it. We're not seeing enough police on the streets, we're not catching enough burglars, we're not convicting enough."

How does the Prime Minister's rhetoric then square with the reality of what is happening to front-line policing now?

The Prime Minister: The fact is that the percentage of officers on the front line has actually increased. We inherited a situation where there were 6,000 uniformed officers performing back-office roles in the police. We have had to make difficult spending reductions, but I think that if the hon. Gentleman listens to his Front Benchers, he will now find out that they support the cuts, and they support the pay freeze. They even support our police commissioners so strongly that droves of Labour MPs are going to quit to try to become them.

Q2. [92712] **Alok Sharma** (Reading West) (Con): Tonight, the House will have a historic vote on whether households on benefits should be able to receive more than households in work. Does the Prime Minister agree with me that the introduction of a benefits cap should have the support of the whole House?

The Prime Minister: My hon. Friend is entirely right. The cap is right, and the cap is fair. It is right to say that you should not get more than £26,000 a year in benefits—that is £500 a week—and it is fair because we are introducing a new principle into our welfare system: an able-bodied family who can work should not get more in benefits than the average family gets from work. The leader of the Labour party has said that he is not against a cap in principle; tonight we will find out whether he is in favour of a cap in practice.

Edward Miliband (Doncaster North) (Lab): May I join the Prime Minister in paying tribute to Signaller Ian Sartorius-Jones from 20th Armoured Brigade Headquarters and Signal Squadron 200 and Lance Corporal Gajbahadur Gurung, attached to 1st Battalion the Yorkshire Regiment? Both men showed exceptional courage and bravery and our thoughts are with their family and friends.

Before the election, legislation was passed by Parliament with cross-party support to make all banks disclose how many people earn more than £1 million, but it needs the Government to trigger the change. Will the Prime Minister now go ahead and do it?

The Prime Minister: We now have the toughest and most transparent regime of any major financial centre in the world. For the first time ever, banks will publish the pay of the top eight executives. That never happened in 13 years of a Labour Government. On the specific Walker reforms, Walker himself said that they should be done at the same time in all countries across the European Union.

Edward Miliband: Exactly what we would expect: no leadership on top pay from this Prime Minister. In case he has not heard the news, more than eight people are earning more than £1 million at our banks. What did the Chancellor say in opposition? He said this—*[Interruption.]* Government Members should listen to what the Chancellor said in opposition. He said:

"We...support...proposals to make those banks disclose the number of their employees who are on high salaries."—[*Official Report*, 26 November 2009; Vol. 501, c. 706.]

He even called for the banks to publish their names. It is another broken promise from this Government. I ask the Prime Minister the question again: the legislation is on the books, it is ready to go and it had all-party support, so why does he not make it happen?

The Prime Minister: We are listening to the advice of the man who produced the report for the last Labour Government. The right hon. Gentleman asks about the number of people getting £1 million bonuses, but let me remind him that it was the last Labour Government—when he was in the Cabinet—who agreed an RBS bonus pool of £1.3 billion. Literally hundreds of people were getting £1 million bonuses and he signed it off. The issue for the right hon. Gentleman is why he is in favour in opposition of things he never did in government. Some might call it opposition; some people might call it hypocrisy.

Edward Miliband: I will tell the Prime Minister what hypocrisy is: it is saying that he will stop a £1 million bonus to Stephen Hester and then nodding it through. I have to say to him that I think we have now heard it all, because he says that the class war against the bankers is going to be led by him and his Cabinet of millionaires. I do not think it is going to wash, frankly.

Let me ask the Prime Minister—*[Interruption.]* Let me ask him about another simple proposal. He had no answer on transparency. Does he agree with me that to bring a dose of realism to the decisions about top pay there should be an ordinary employee on every pay committee, so that people on a huge salary have to look at least one of their employees in the eye and justify it?

The Prime Minister *rose*—

Mr Speaker: Order. The Prime Minister will know that the use of the word hypocrisy in relation to an individual Member is not parliamentary. Before he begins his reply, I ask him to withdraw that term straight away.

The Prime Minister: I am very happy to do that, Mr Speaker. It is just that we are expected to listen to the people who presided over the biggest banking and financial disaster in our history and it is not as if they had nothing to do with it. One of them was the City Minister and the other was sitting in the Treasury. I have to ask: who failed to regulate the banks? Labour. Who gave us the boom and bust? Labour. Who failed to fix the roof when the sun was shining? Labour. Who presided over these multi-million pound bonuses and did absolutely nothing? Labour.

I have looked very carefully at the right hon. Gentleman's propositions and I do not think it is practical to do what he is suggesting. It breaks an important principle of not having people on a remuneration committee who will have their own pay determined, so I do not think that it is the right way forward. The House might be interested to know, as I have looked carefully at all his proposals, that he also proposed in Glasgow to ban performance-related pay in all but the most exceptional circumstances. That is completely wrong. There are people working in offices, factories and shops around the country who want performance-related pay and who, if they meet some targets, would like to have a bonus at the end of the year. That is pro-aspiration and pro-doing the right thing for your family. That shows that the right hon. Gentleman has not a clue about how to run an economy.

Edward Miliband: Now we know where the Prime Minister stands: no to transparency and no to an employee on the remuneration committee. And what was the Chancellor doing last week when they were supposedly cracking down on top pay? He was going to Davos to tell the business community to lobby for a reduction in the top rate of income tax. We know the truth. When it comes to top pay, this Government and this Prime Minister are part of the problem, not part of the solution.

The Prime Minister: Mr Speaker, I do not know what the word is for criticising someone who went to Davos when you went to Davos yourself. I think the word Peter Mandelson used when he was in Davos was "struggling".

Mr Speaker: The Prime Minister is exceptionally well educated and I am sure he has a very full vocabulary and can make proper use of it.

Mr David Davis (Haltemprice and Howden) (Con): Yesterday, it was announced that the French company Dassault had won the first round in the contest for the $10 billion fighter aircraft contract with India. That is disastrous news for thousands of workers up and down the country, particularly in my constituency. Given the long relationship between India and Britain and given that we give many times more aid to India than France ever did, will the Prime Minister engage himself and the full force of the Government in attempting to reverse that decision?

The Prime Minister: Of course I will do everything I can, as I have already, to encourage the Indians to look at Typhoon, because it is such a good aircraft. The decision is obviously disappointing, but it is about who the Indians have assessed as making the lowest bid and have therefore asked to enter into further negotiations. They have not yet awarded the contract, and I would say to my right hon. Friend, who I know cares deeply, as I do, about the people employed in his constituency, that we do not expect any job losses to stem from this decision and that it does not rule out Typhoon for India. We must go on making the case that this is a superb aircraft with far better capabilities than Rafale, and we will try to encourage the Indians to take that view.

Q3. [92713] **Tom Blenkinsop** (Middlesbrough South and East Cleveland) (Lab): The Deputy Prime Minister recently said that means-testing might be brought in for pensioner bus passes. Was he speaking for the Government and does the Prime Minister really think that is fair?

The Prime Minister: I made a very clear commitment at the time of the last election about pensioner bus passes, pensioner winter fuel payments and pensioner free TV licences, and we are keeping all those promises. *[Interruption.]*

Mr Speaker: Order. The House must calm down. I want to hear Penny Mordaunt.

Penny Mordaunt (Portsmouth North) (Con): If a local supermarket closes down, another quickly takes its place. If Portsmouth football club closes down, Pompey fans will not be content with buying their season ticket from Southampton. Will the Prime Minister add his voice to mine in calling for Her Majesty's Revenue and Customs to meet the club so that it recoups the tax it is owed, our club survives and the fans have their chance to become its owners?

The Prime Minister: I will certainly do that, and my hon. Friend is absolutely right to raise this issue. Knowing one or two Pompey fans, I can completely understand that the idea they could go and support Southampton is completely incredible. We must do everything we can to keep the friendly rivalry going.

Edward Miliband: This week, the *British Medical Journal*, the *Health Service Journal* and the *Nursing Times* published a joint editorial that said the Prime Minister's reorganisation

"has destabilised and damaged one of this country's greatest achievements: a system that embodies social justice and has delivered widespread patient satisfaction, public support, and value for money. We must make sure that nothing like this ever happens again."

Why does the Prime Minister think he has so comprehensively lost the medical profession's trust?

The Prime Minister: I notice that the right hon. Gentleman does not want to raise the welfare cap today. I think that people up and down the country will recognise that.

There are tens of thousands of general practitioners up and down the country who are implementing our reforms because they want decisions to be made by doctors, not bureaucrats, they want to see health and social care brought together and they want to put the patient in the driving seat. The right hon. Gentleman should look at what is actually happening in the health service. Waiting times are down, infection rates are down and the number of people in mixed-sex wards, which we put up with for 13 years under Labour, is down by 94%. He should be praising the good things that are happening in the health service rather than having his policy, which is to say that an increase in NHS resources is irresponsible. That is Labour's position; it is this Government who are putting the money in and getting the reforms right.

Edward Miliband: Every time the Prime Minister talks about the NHS he just shows how out of touch he is with what is happening on the ground. Let me now

tell him who is lined up against the health Bill: 98% of GPs, against the Bill; the Royal College of Nursing, against the Bill; the Royal College of Midwives, against the Bill; the Royal College of Radiologists [HON. MEMBERS: "Against the Bill!"]; the British Medical Association [HON. MEMBERS: "Against the Bill!"]; the Patients Association [HON. MEMBERS: "Against the Bill!"]. He knows in his heart of hearts that this Bill is a disaster. There were rumours last week that he was considering dropping the Bill. He has a choice: he can carry on regardless or he can listen to the public and the professions. Will he now do the right thing and drop this unwanted Bill?

The Prime Minister: If you are trying to bring into a public service choice, competition, transparency, proper results and publication of results, you will always find that there will be objections. The question is, is it going to improve patient care and the running of the health service? *[Interruption.]*

Mr Speaker: Order. I apologise for interrupting the Prime Minister. The Prime Minister's answer must be heard. There is—*[Interruption.]* Order. There is excessive noise on both sides; Members must calm down. Let us hear the Prime Minister's answer.

The Prime Minister: Let me tell the right hon. Gentleman something that Tony Blair once wrote about the process of reform. Now there is a man who knows a thing about bonuses and pay. He said this—*[Interruption.]* Listen, listen:

> "It is an object lesson in the progress of reform: the change is proposed; it is denounced as a disaster; it proceeds with vast... opposition; it is unpopular; it comes about; within a short space of time, it is as if it has always been so. The lesson is instructive: if you think a change is right, go with it. The opposition is inevitable, but rarely is it unbeatable."

That was someone who knew a thing or two about reform.

Laura Sandys (South Thanet) (Con) *rose—*

Mr Speaker: Order. The hon. Lady will be heard.

Laura Sandys: Thank you, Mr Speaker. A year ago, I asked the Prime Minister for help when the announcement was made of the Pfizer closure in Sandwich. Does he agree that the support and help from his Ministers, which delivered us an enterprise zone and £40 million for jobs in east Kent, have ensured that we are still a leading centre for life sciences?

The Prime Minister: I am delighted with what my hon. Friend says. It was a tough and difficult time when Pfizer made that decision, but I think this has shown that, by Government, industry, local people in Kent and organisations coming together, we have been able to keep a lot of jobs, and a lot of investment and research and development, in that area. I would say to all pharmaceutical companies that this Government have the patent box, so if people invent things in this country and develop them in this country, they pay only a 10% corporation tax rate. That enables us to say to pharmaceutical companies all over the world, "Come and invest in Britain."

Q4. [92714] **Dan Jarvis** (Barnsley Central) (Lab): This week, temperatures across Britain have dropped drastically. Last winter, 200 people died every day from preventable cold weather-related illnesses, but in Barnsley, instead of being able to focus resources on promoting the dangers of cold weather, we have had to set aside £17 million for an undemocratic, top-down reorganisation of the NHS. Will the Prime Minister tell my constituents whether that really is a responsible use of public money?

The Prime Minister: First, I would say to the hon. Gentleman and to everyone in Barnsley that this Government have been able to keep the higher level of cold weather payments, which was introduced before the election, and we have kept it for all years. I think that will be a real help, along with the winter fuel allowance. On the NHS, I say to him that he should simply look at the figures. Since the election, there are 4,000 more doctors working in our NHS. There are 620 more midwives working in our NHS. We are treating 100,000 more patients per month in our NHS. That is what is actually happening in the NHS, if he looks at what is happening in his hospital, rather than just repeating what the trade unions are telling him.

Q5. [92715] **Tom Brake** (Carshalton and Wallington) (LD): The Prime Minister will be aware that talks between St George's Healthcare NHS Trust and Epsom and St Helier University Hospitals NHS Trust on their possible merger have been abandoned. I seek reassurance from him that Epsom and St Helier will be able to engage with local partners, such as local authorities and clinical commissioning groups, in order to come forward with a proposal that meets local health needs, and that the £290 million allocated for the hospital is still available.

The Prime Minister: I totally understand my right hon. Friend's concern about this issue. The priority for the trust remains securing the future of the Epsom, St Helier and Sutton hospitals. I understand that the trust board and those working on a possible merger had already started to look at other options in case the merger did not happen. I understand that they are now looking at the next steps and I am sure that the Department of Health will want to engage very closely with him as this unfolds.

Q6. [92716] **Ms Margaret Ritchie** (South Down) (SDLP): The Prime Minister is keen to tell us that work should always pay, so what would he say to my constituents from low and middle-income families who have contacted me to convey their fears about the measures the Government are bringing forward, such as the removal of working and child tax credits? These are working people who are already facing severe financial difficulties, and the current proposals could cost hard-working families with disabled children and in receipt of the lower disability premium over £1,300 a year.

The Prime Minister: I would make two points. Of course we have had to reform the tax credits system. When we came to office, tax credits went all the way up the income scale so that even Members of this House were eligible for them, so we have taken them further down the income scale. In terms of what the hon. Lady

says about disability, I would make two points. First, disability living allowance—the absolutely key benefit—is going up by 5.2% this April, which will be well ahead of inflation. The point I would make about universal credit is that the lower rate for disabled children is £53, as she will know. Anyone on that level will be completely protected through transitional payments. We have not yet set the higher rate, but I can tell the hon. Lady that it will be at least what it is now, and possibly higher.

Q7. [92717] **Esther McVey** (Wirral West) (Con): Will the Prime Minister, as a matter of urgency, look at the recent shocking report by Anna Klonowski on allegations of overcharging of vulnerable adults on Wirral and cases of violence and intimidation under a Labour-led council, making sure that those responsible are brought to account and never work in adult social services again?

The Prime Minister: I will certainly look at the report my hon. Friend mentions. This is clearly a very serious matter. I will also ask the Minister responsible in the Department of Health to look into the matter further and then speak with her. The Care Quality Commission, which has had a difficult birth, clearly has a really important job to do in ensuring that its inspections are thorough and targeted in the areas where they are most needed. It sounds from what she says that there is clearly a very great need for this to happen on Merseyside.

Q8. [92718] **Katy Clark** (North Ayrshire and Arran) (Lab): Today the Prime Minister denied yet again that he is cutting benefits for disabled children, but the lower rate of disability living allowance for disabled children is being reduced from almost £54 to almost £27, a cut of practically 50% which will affect 100,000 children. Is that not correct?

The Prime Minister: What is correct is that no one on the lower rate of payment will receive less as a result of their move to universal credit. No one will be affected by that.

Mr David Nuttall (Bury North) (Con): Does the Prime Minister agree that a meaningful cap on benefits is essential if we are to end the something-for-nothing culture that developed under the previous Government?

The Prime Minister: I think that that is absolutely right. It is right to bring in the cap. It introduces a new principle, which is that you should not be better off on benefits than the average family is in work. What we have had from the Labour party is complete silence. Will it support us tonight in the Lobby? Why does the Leader of the Opposition not just nod? Nod? Answer came there none. I thought that it was all about taking tough decisions—that they were in favour of a cap; they were going to tear up some of Labour's history; it was time to make some bold decisions. Come on, one bold decision—just nod. Are you with us or are you against us? A great big vacuum.

Q9. [92719] **Sheila Gilmore** (Edinburgh East) (Lab): Will the Prime Minister explain why a 65-year-old constituent of mine, who cannot get a council home, has to pay £100 of her £570 a month rent because of his housing benefit reforms? Why is this Prime Minister so much tougher on the vulnerable than he is on the powerful, with their excessive bonuses?

The Prime Minister: We know that the Opposition are not going to back us on the welfare cap, and now we can see that they are against the housing benefit reforms as well. Let me just remind the hon. Lady what her own shadow welfare Minister said. He said that it is completely unacceptable that housing benefit has rocketed to £20 billion. This is what he said. Where is "Baldemort"? He is not at home today. He said that Beveridge

"would scarcely have believed housing benefit alone is costing the UK over £20 bn a year."

This Government are reforming it; that Opposition are doing nothing.

Q15. [92725] **Priti Patel** (Witham) (Con): Does the Prime Minister agree that all Members who claim that they are on the side of hard-working families throughout the country should vote with the Government tonight to cap benefits at £26,000, which is, after all, the average income of hard-working families?

The Prime Minister: My hon. Friend is absolutely right. People up and down the country will be completely amazed that the party that is supposedly meant to stand up for working people thinks that it is okay to get more on benefits than a family gets from working. So let me give the Opposition one more go. Are you with us in the Lobby tonight? Absolutely hopeless.

Q10. [92720] **Thomas Docherty** (Dunfermline and West Fife) (Lab): It is now clear that the single biggest funder of the Prime Minister's party got his peerage on false pretences. Can the Prime Minister guarantee that Lord Ashcroft has now told the whole truth about his connections with the building company Johnson International, or is it yet again one rule for the Prime Minister's rich friends and another rule for everyone else?

The Prime Minister: I have answered that question many times, but I might point out to the hon. Gentleman that the largest funder of his party has been based offshore.

Q11. [92721] **Nadhim Zahawi** (Stratford-on-Avon) (Con): Eight million households have to make do with earning £26,000 or less before tax. What message does my right hon. Friend think that we will be sending to those people if we renege on our promise to cap benefits at £26,000 a year?

The Prime Minister: There will be many people in the country who criticise the benefit cap, saying, "Actually, £26,000, £500 a week, is too high." I think it is fair, I think it is right, but I think that people expect their politicians to make it clear that you are better off in work than you are on benefits. Plenty of people are excluded from the cap because they are on disability living allowance, not able to work and the rest of it, but if you can work you should not be better off on benefits. That is a simple principle, and I find it amazing that the Labour party cannot agree. One more go? One little nod? Nothing.

Q12. [92722] **Mike Gapes** (Ilford South) (Lab/Co-op): In opposition the Prime Minister told millions on TV:

"If you work hard, I'll be behind you."

RBS, which is 82% state-owned, has not signed up to pay the living wage of £8.30 per hour in London and £7.20 elsewhere for all its staff and contractors. Why do his Government support low wages for workers but big bucks and bonuses for banksters?

The Prime Minister: I thought that by referring to standing up for people who work hard the hon. Gentleman was beginning to get the hang of it and that we might have had a supporter tonight. What this Government have done with RBS is radically cut the bonus pool, which was massive under Labour; say that there should be a £2,000 cash cap, unlike the massive cash increases under Labour; and begin to get that bank under control.

Q13. [92723] **Dr Julian Huppert** (Cambridge) (LD): The Liberal Democrats' plan to increase the income tax threshold to £10,000 was on the front page of our manifesto. It will give many working people an extra £700 a year and lift millions of poorly paid people out of income tax altogether. At a time when many working people are struggling to make ends meet, will the Prime Minister agree to go further and faster on that much-needed tax cut?

The Prime Minister: The hon. Gentleman is right to raise this issue. I am proud of the fact that we have taken 1.1 million people out of tax. Those are some of the lowest paid people in our country, and the majority of them are women. We are committed to making further progress during this Parliament with this policy.

Q14. [92724] **Rosie Cooper** (West Lancashire) (Lab): Before the general election, the Prime Minister told midwives that he would make their lives easier and that he would recruit 3,000 more of them. Since the general election, nurses and midwives have been down-banded, working harder for less, and midwives in training have been reduced by 3% a year. Were the British people wrong to take him at his word?

The Prime Minister: I am very sorry, but the hon. Lady's figures are, in fact, wrong. Compared with the time of the election, there are over 620 more midwives working in the NHS and there are record numbers in training. We want to do more, but we will be able to do more only if we keep funding the NHS; the hon. Lady's party is committed to cutting it, saying that NHS funding increases are irresponsible. We will be able to do that only if we keep cutting back on the bureaucracy, which we are doing very successfully with our reforms, and making sure that the money goes into the front end. But there are more midwives. There are more in training. I am afraid that the hon. Lady's figures are wrong.

Greg Mulholland (Leeds North West) (LD): On new year's eve 2010, my constituent Jamie Still was killed by a drink-driver who was more than twice over the limit, yet Jamie's family had to face the fact that the person who had killed him continued to drive for a further eight months until sentencing. Will the Prime Minister agree to meet the family and consider their campaign, which is that people who are seriously over the limit in death by dangerous driving cases should have their driving licences withdrawn as part of their bail conditions?

The Prime Minister: My heart goes out to my hon. Friend's constituents for the loss that they have suffered. He raises a very important point about what happens in cases such as these and what one can and cannot do with bail conditions. I will certainly go away and look at that. It may well be that this is something that we can consider alongside the recommendations that we are considering about drug-related driving. There is more work for the Government to do in this area, and I will certainly listen to my hon. Friend's and his constituents' concerns.

Mr Nigel Dodds (Belfast North) (DUP): We believe on these Benches that the Government's welfare cap is both fair and reasonable, and we will be supporting the Government in the Lobby tonight. But we also believe that the Lords amendments affecting vulnerable people—cancer patients and disabled people—are also fair and reasonable, not least because of the disproportionately detrimental effects, of which the Prime Minister will be aware, on Northern Ireland. Why, therefore, are we so limited in time for debating these crucial issues, which affect so many of our most vulnerable people?

The Prime Minister: First of all, I thank the right hon. Gentleman for his support in the Lobby tonight and I look forward to seeing him there. On the issue of the cancer sufferers and the plans for the employment and support allowance, let me just explain that under our plans the number of cancer sufferers who will get extra long-term help through the ESA support group is actually going to increase. We are going to reduce the number of people who have to have face-to-face assessments. These proposals have been fully supported by Professor Harrington, whom we asked to look into the issue because we were not happy with the previous Government's arrangements and the way in which these things were dealt with.

The point that I would make to the right hon. Gentleman is that there are two types of employment and support allowance. There is the support group, who will always go on getting support, which is not means-tested; as long as they need that help they will get it. There is also the work-related activity group—people who, with help, are able to work. I think it is right to ask them, with support, to get into work, and that is what we are going to do.

Mr Marcus Jones (Nuneaton) (Con): Who does the Prime Minister think is on the side of hard-working low paid families in Nuneaton—the Conservative-led coalition, which is taking the lowest paid out of tax and capping benefits, or the Labour party, which took away the 10p tax rate and is flip-flopping over the benefit cap?

The Prime Minister: My hon. Friend is being a bit charitable. The Labour party is not flip-flopping over the benefit cap; it is just flopping.

Mr Speaker: Order. Before the hon. Member for Middlesbrough South and East Cleveland (Tom Blenkinsop) presents his ten-minute rule motion, I issue my usual appeal to right hon. and hon. Members who are leaving the Chamber. They should do so quickly and quietly, so that the rest of us can listen to the hon. Gentleman. Perhaps he can move into view. *[Interruption.]* We are exceptionally grateful.

Airport Security (People with Disabilities)

Motion for leave to bring in a Bill (Standing Order No. 23)

12.34 pm

Tom Blenkinsop (Middlesbrough South and East Cleveland) (Lab): I beg to move,

That leave be given to bring in a Bill to require security search arrangements at airports to ensure that appropriate levels of privacy are provided for people with disabilities; and for connected purposes.

The Bill would require Her Majesty's Government to take measures to ensure that the dignity of stoma bag users and other disabled people is protected at airport security checkpoints throughout the United Kingdom and the European Union.

Many people who face life-threatening health conditions such as bowel and bladder cancer and Crohn's disease must undergo surgery, such as colostomies and urostomies. Such surgery should not end their right to travel, whether it be for business, for pleasure or to see friends and family, nor should it end their right to be treated with dignity while doing so. Unfortunately, that is what often occurs.

One of my constituents who has had cancer and who requires the use of both urostomy and colostomy pouches attended my surgery to tell me of the humiliation that she has faced at several airports throughout the European Union. She requested my assistance in preventing future such occurrences. She explained that the security personnel at Budapest airport were far from sympathetic. After a pat-down search, they wanted to examine her underwear, despite her attempts to explain that she had colostomy pouches. She was required to attempt to explain that to them in public, in front of fellow holidaymakers in the security queue—an experience she described as "totally degrading".

Sadly, such practices and such a lack of sympathy are not unique to that case. My constituent told me how she had faced poor treatment at an airport in the north-east. A rudimentary internet search reveals similar instances at airports throughout the world, including at John F. Kennedy airport in New York and Tampa in Florida. At John Lennon airport in Liverpool, a colostomy bag user from Ballymena faced a public search. Although it is vital to ensure that aerospace flights are secure, one would hope that in such circumstances, airport security staff would act with compassion, humanity and common sense.

My constituent had a card and a doctor's letter, with an explanation of her situation in several languages. She faced problems because she was separated from them when her hand luggage was scanned. The man from Ballymena also had a letter signed by his doctor and even offered to be searched privately. His letter and request were apparently ignored by the Securitas guard. Such practices must surely be regarded as a violation of a passenger's fundamental and inalienable right to be treated with dignity, and they must cease.

The Bill would address those problems. The British Government would be compelled to ensure that all airport security staff in the United Kingdom with responsibility for searching passengers were trained in preserving the dignity of stoma patients while maintaining our security. Furthermore, the Bill would address these issues throughout the European Union by compelling the Foreign Secretary to urge the European Commission to amend regulation No. 300/2008 on common rules in the field of civil aviation security to require all airport security staff in the EU to be so trained. The Government would also be expected to lobby for such training to be mandated worldwide by the International Civil Aviation Organisation through the Chicago convention.

This issue must affect thousands of British citizens every year, but sadly it attracts little attention. I hope that Members recognise that granting this Bill a Second Reading is an opportunity for this House to make a difference to people's lives by ensuring that their right to dignity is respected.

Question put and agreed to.

Ordered,

That Tom Blenkinsop, Steve Rotheram, Nic Dakin, Yvonne Fovargue, Mr Iain Wright and Jim Shannon present the Bill.

Tom Blenkinsop accordingly presented the Bill.

Bill read the First time; to be read a Second time on Friday 30 March, and to be printed (Bill 301).

Diana Johnson (Kingston upon Hull North) (Lab): On a point of order, Mr Speaker. I seek your guidance on the written ministerial statement laid today by the Ministry of Defence on the White Paper, "National Security Through Technology: Technology, Equipment, and Support for UK Defence and Security", and on the reference that was made in Prime Minister's questions to BAE losing the Typhoon order from India. Is it possible for a Defence Minister to come to the House to address both those issues as they are of such importance to many Members of Parliament and their constituents?

Mr Speaker: As the hon. Lady knows, the manner in which the Government make statements is a matter for those on the Treasury Bench. Specifically, it is for them to judge whether there should be a written or an oral statement. Her point of order will have been heard by those on the Treasury Bench and will doubtless be transmitted to the Leader of the House and his deputy. Moreover, the hon. Lady is an assiduous attender of Question Time each day and will be conscious that tomorrow there will be business questions, where she may make an appearance to pursue this point further.

WELFARE REFORM BILL (PROGRAMME) (NO. 3)

Motion made, and Question put forthwith (Standing Order No. 83A(7))

That the following provisions shall apply to the Welfare Reform Bill for the purpose of supplementing the Orders of 9 March 2011 (Welfare Reform Bill (Programme)) and 13 June 2011 (Welfare Reform Bill (Programme) (No. 2)):

Consideration of Lords Amendments

1. Proceedings on consideration of Lords Amendments shall (so far as not previously concluded) be brought to a conclusion at 7.00 pm at this day's sitting

2. The proceedings shall be taken in the order shown in the first column of the following Table.

3. The proceedings shall (so far as not previously concluded) be brought to a conclusion at the times specified in the second column of the Table.

TABLE

Lords Amendments	*Time for conclusion of proceedings*
15.17 to 19 and 23 (employment and support allowance	2.30 pm
47 (benefit cap)	5 pm
1 to 14, 16, 20 to 22, 24 to 46, 48 to 110 (remaining amendments	7 pm

—(Mr Newmark.)

Subsequent stages

4. Any further Message from the Lords may be considered forthwith without any Question being put.

5. The proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement.*—(Mr Newmark.)*

Question agreed to.

Welfare Reform Bill

Consideration of Lords amendments

Mr Speaker: I must draw the House's attention to the fact that financial privilege is involved in a substantial number of Lords amendments. If the House agrees to these amendments, I shall ensure that the appropriate entry is made in the *Journal*.

Clause 51

PERIOD OF ENTITLEMENT TO CONTRIBUTORY ALLOWANCE

12.41 pm

The Minister of State, Department for Work and Pensions (Chris Grayling): I beg to move, That this House disagrees with Lords amendment 15.

Mr Speaker: With this it will be convenient to consider the following:

Lords amendment 17, and Government motion to disagree.

Lords amendment 18, and Government motion to disagree.

Lords amendment 19, and Government amendment (a) thereto.

Lords amendment 23, and Government motion to disagree.

Chris Grayling: Throughout the process of the Bill in both this House and the other place, we have listened carefully to the concerns that have been raised. We have taken them on board wherever possible and provided important clarifications on the Government's position and responses to technical concerns. However, let us be clear that we stand firmly behind the aims and detail of our reforms.

As you indicated, Mr Speaker, Lords amendments 15, 17, 18 and 23 impinge on the financial privileges of this House. I ask the House to disagree to those amendments, and I will ask the Reasons Committee to ascribe financial privilege as the reason for doing so. It cannot be denied that we are in extremely difficult financial times, and that the Government have no choice but to take measures to address the situation. Tackling the unsustainable rise in spending on benefits and tax credits, as part of the Government's overall deficit reduction strategy, is undeniably important. However, I emphasise that the affordability of the welfare system is just one objective of the reforms being introduced in the Bill.

We are making principled reforms that will finally tackle the trap of welfare dependency. Universal credit will ensure that work always pays, lifting 900,000 individuals out of poverty, including more than 350,000 children and about 550,000 working-age adults. The Bill will also deliver fairness for claimants and for the taxpayers who fund the system. We will discuss the benefit cap in the next group of Lords amendments, but it is clearly not fair, for example, that households on out-of-work benefits should receive a greater income from benefits than the average earnings of working households. Finally, our reforms will radically simplify the system, ensuring that it is easier for claimants to understand and for staff

to administer. Hon. Members should be clear that those are vital principles, of which financial considerations are only one part.

I turn specifically to the provisions on employment and support allowance that are dealt with by this group of amendments. I shall set out the Government's full rationale for rejecting the Lords amendments. First, Lords amendment 15 was simply a paving amendment that had no effect. Lords amendment 17 would increase the time limit for claimants receiving contributory ESA in the work-related activity group from the proposed 365 days to a minimum of 730 days, which would have to be prescribed in regulations.

12.45 pm

Ian Paisley (North Antrim) (DUP): On contributory benefit, does the Minister accept that giving a person who has made a recovery after suffering from cancer only 365 days to get back into work is a little prescriptive? Does he accept that the Lords amendment would allow them additional time—up to two years—to get back into work? The amendment is about fairness for those people alone.

Chris Grayling: I will talk in more detail about cancer, which is one of the measures we are addressing. I accept that there are anxieties in respect of cancer, but the approach that we are taking to all our reforms, and particularly those relating to sickness and disability, is that we should not write off automatically any individual with a particular condition. Applying a one-size-fits-all measure to any one condition is the wrong thing to do.

Mr Frank Field (Birkenhead) (Lab): The Minister initially said that the Government are introducing their measures because they need to save money on the welfare Bill, but he also said—I hope there is great support in the House for this—that their measures will shape behaviour. Are the national insurance measures designed to shape and change behaviour, and in what way will they do so, or are they merely just to save money? In other words, is the Minister doing what the Treasury has required him to do on national insurance?

Chris Grayling: The important thing about that measure is that we must have a welfare system in which people have confidence. The principle of our proposal reflects the principle used in the jobseeker's allowance system—people should get something back for what they have contributed, but not indefinitely. The Government's measures simply seek to extend that principle to the group on ESA.

Mr Field: I do not think there is any agreement on that. Is it not possible to honour national insurance contributions and attach "seeking work" requirements?

Chris Grayling: The principle I described is a long-standing one that has been applied to other benefits, such as jobseeker's allowance. It is important to state that the Government are not taking benefits away from people who have no other form of income, or from people in the support group who need long-term, unconditional help. The measure simply affects those in the work-related activity group. It applies to them the same principle that exists in jobseeker's allowance.

Sheila Gilmore (Edinburgh East) (Lab): Does not the Government's proposal conflict with what they are trying to do? The Minister says that benefits will not be taken away from those who have nothing, but their measure will take away benefits from, for example, a couple in which one partner is in part-time work. They could be asked to dig into what they have saved for retirement.

Chris Grayling: The principle of the welfare state that I described—that it is there to provide a safety net for those who have no other form of income—has operated for a very long time, including under the previous Government. The welfare state provides a degree of support to those who have another form of income, but it is a long-standing principle of the jobseeker's allowance system that such support is not unlimited. We are simply applying that same principle to ESA for people who are deemed to have the potential, in due course, to return to work.

Mr David Winnick (Walsall North) (Lab): Is the Minister aware that many of us are grateful for what the House of Lords has done? It has acted as the conscience of Parliament. It is extremely unfortunate that the Government are today determined to reverse its decision. What is so obnoxious about the Government's measures is that the most vulnerable are being hit, meaning not only cancer patients, but others with life-threatening diseases. It seems that the Government are totally indifferent to the group of people who will be harmed as a result of their proposals.

Chris Grayling: I do not doubt the hon. Gentleman's views, but he is a member of a party whose leader and shadow Secretary of State made speeches a fortnight ago on the need to take tough decisions on welfare. I am afraid that what the hon. Gentleman says is another example of the disconnect that exists within the Opposition.

Philip Davies (Shipley) (Con): What taxpayers in my constituency find obnoxious is people who use the welfare state as an alternative lifestyle choice rather than as a safety net, for which it was first intended. Does my right hon. Friend agree that the Government, through this measure and their other changes, are trying to go back to what the welfare state was initially intended for, namely a safety net rather than an alternative lifestyle choice?

Chris Grayling: My hon. Friend is absolutely right that we have to have a system that is fair both to the taxpayer who pays for it and to the recipients. As a result of these reforms, we will have a system that is fairer to those receiving support and also fairer to those who are paying for that support.

Support to find work, for those people who will be affected, will be available for all ESA claimants from the outset of their claim, through Jobcentre Plus on a voluntary basis until the outcome of the work capability assessment and, following the WCA, for those claimants placed in the work-related activity group, through Jobcentre Plus or through the Work programme. Every single person who is on ESA, including those on a contributory basis, has access to the Work programme.

[Chris Grayling]

Some have said that the limit is arbitrary. I do not accept that. As the Minister with responsibility for welfare reform explained in the other place, it is similar to that applied by several countries around the world, including France, Ireland and Spain, and strikes an appropriate balance between the needs of sick and disabled people claiming benefit and those who have to contribute towards the cost.

Dame Anne Begg (Aberdeen South) (Lab): Can the Minister clarify, for the avoidance of doubt, that someone who has been in the work-related activity group on contributory ESA for two years who subsequently gets reassessed as belonging to the support group will have their ESA reinstated even though they do not have the national insurance contributions that would allow that to happen?

Chris Grayling: I can indeed confirm that that is the case. We have listened very carefully on this issue, and it was a point well made by my hon. Friend the Member for Cardiff Central (Jenny Willott) in Committee. We have listened and we have taken appropriate action. It is important that we look at such details to ensure that we get them right, but that does not detract from the overall principle of what we are trying to achieve.

I believe that a time limit of one year is the correct approach. It applies the right balance between restricting access to contributory benefits and allowing those with longer term illnesses to adjust to their health condition and surrounding circumstances. There is also a very strong financial argument. If accepted, this amendment would reduce the total savings in the spending review period by around a third by 2016-17, which is £1.6 billion. Given the current fiscal climate, we cannot afford to forgo these savings and this is one of a number of very difficult decisions the Government have had to make because, as the shadow Secretary of State pointed out at the time, there was no money left.

Lords amendment 18 would mean that no time limit would be applied to contributory ESA for those claimants receiving treatment for cancer if they have or are treated as having limited capability for work, or they have or are treated as having limited capability for work as a consequence of a cancer diagnosis. The whole point of our approach on these matters is that we have always looked at the effects of a condition on an individual, rather than at the condition itself. We can all think of other cases which could equally be regarded as special cases. We are trying to be sensitive to the very real concerns of individuals suffering from cancer, and since we took office we have made significant changes to improve the protection and support that we provide to them.

Most individuals with cancer are placed in the support group at the outset of their treatment. We have increased the scope of the support group for cancer patients. We have been working closely with Macmillan Cancer Relief to improve how the WCA assesses individuals being treated for cancer. We are now consulting on our proposals, following work by Macmillan and Professor Harrington, our independent assessor of the work capability assessment.

We are clear that our proposals, which are now out to consultation, include a presumption that someone with cancer will be in the support group. What we simply do not accept is that in all circumstances, regardless of the impact of cancer on an individual's ability to work or otherwise, they should be guaranteed a position in the support group. We have not taken that approach with any other condition and we do not believe that we should take it with cancer.

Stephen Timms (East Ham) (Lab): I know that there has been some discussion in the last few days about whether, if a doctor or nurse were able to provide confirmation that a person with cancer was not able to work, that person would be automatically passported into the support group. Is that something that the Government intend to introduce?

Chris Grayling: It is very much our intention—especially for those who have finished their treatment but are not yet prepared to return to work—to have a simple system that enables a medical professional to indicate to us that that person is not yet sufficiently recovered to make a return to work. Our proposals are out to consultation at the moment, but our overall clear goal is that, in the vast majority of cases, someone who is undergoing treatment for cancer or is recovering from the aftermath of that treatment should be in the support group. What we cannot accept is a principle for absolutely all cases and regardless of circumstance, and some people with cancer do work—

Ann Clwyd (Cynon Valley) (Lab): The Minister mentioned Macmillan, which is a well respected organisation. It estimates that some 7,000 cancer patients could lose up to £94 a month. Is that right?

Chris Grayling: The issue comes back to the core principle of why we are imposing the time limit. We are not taking benefits away from people who do not have other financial means. The people who will be affected by the 12-month time limit—not just cancer patients, but generally—are those who either have another household income or who have many thousands of pounds of savings in the bank. They are the ones affected. We are not taking contributory support away from those people in the support group. Most cancer patients, as I have just described, will be in that support group. We are not taking benefits away from them, just from those with other financial means.

Mr Winnick: Will the Minister give way?

Chris Grayling: No, I have already given way to the hon. Gentleman.

If amendment 18 were accepted, it is estimated that it would cost around £90 million cumulatively by 2016-17 based on a two-year time limit, or around £140 million cumulatively based on a one-year time limit. That would be a significant additional cost for the taxpayer, and would fly in the face of a principle that we have tried to bring to this whole process, which is that we do not bracket any condition into one absolute position. We look at each individual case to understand the impact of the condition on the ability to work.

The third area of focus this afternoon is our proposed changes to the condition relating to entitlement to ESA on grounds of limited capability during youth. These changes are part of our principled approach to reform.

We want to modernise and simplify the current welfare system, focus support, avoid duplication of provision and redefine the contract between the state and individuals, in advance of the introduction of universal credit. It cannot be right that, for example, where a claimant has qualified for contributory ESA under the youth provisions and some years later they receive a substantial inheritance, they should be able to continue to receive unlimited contributory ESA without the need to have paid any contributions and without any condition from the state.

These proposals will not affect those in receipt of income-related ESA. We expect that around 90% of those who presently receive ESA on youth grounds will be eligible for income-related ESA. It will be a simple transition from their point of view. Only some 10% will not qualify because they have other means available to them—and I emphasise that that means a partner in full-time work or capital of more than £16,000. We are merely targeting the support the Government can provide to where it is needed most. I do not think it is right that someone with independent income or capital should be able to access state support on a long-term, ongoing and unconditional basis.

Dame Anne Begg: Can the Minister clarify absolutely that a 20-year-old who will never work and who lives at home with their parents will be able to get income-related ESA? Obviously it cannot be contributory as they have made no national insurance contributions. Even if they live in a household above income support levels, will they continue to get income-related ESA in their own right?

Chris Grayling: I cannot give an undertaking in all circumstances, because every circumstance will be different. But 90% of those who presently receive ESA on youth grounds will be eligible for income-related ESA. It will depend on the circumstances of each individual case.

We have already mentioned the fact that the Government amendments allow claimants to re-qualify for a further award of contributory ESA after their ESA has ceased as a result of time limiting, and they are later placed in the support group because of a deterioration in their health. That applies equally to ESA youth claimants.

1 pm

There is, however, another factor to take into account—and this, again, is an example of why this is about more than just money. We must also consider the impact of the Stewart judgment given in the European Court on 21 July 2011, as a result of which someone living abroad can qualify for benefit without having to satisfy the past presence test, if they can demonstrate a genuine and sufficient link to the United Kingdom. The Court determined that Ms Stewart arguably could demonstrate a link with the UK because she was in receipt of another UK benefit, was dependent on her parents, who were UK pensioners, and had spent a significant part of her life in the UK.

We want people to qualify only if they have lived in the UK recently prior to the claim, but we are also obliged to take account of the Court's case-law view of what constitutes a sufficient link. We strongly disagree with the Court's ruling. The effect of that EU judgment is that we can no longer have a blanket past presence test of this kind for benefit claimants. As a result, the ESA youth provision is potentially more widely available than intended, and given that we are bound by EU law, there is nothing, short of abolition, that we can do by way of domestic legislation—even primary legislation—to change its effect. As a consequence, we could end up paying this benefit, on a long-term unconditional basis, to more people who have never lived in the United Kingdom but who can simply demonstrate a link to it.

Stephen Timms: Will the Minister confirm that the case in question relates to a disabled young woman who is living with her British parents—in Spain, I think—but who was born and brought up in the UK?

Chris Grayling: It relates to someone who has not lived in the UK for most of the past 15 years, although she is a British national and has a link to the UK. The implication of the court case is that somebody who has a link to the UK but who has had no recent contact with it is none the less entitled to receive benefits. That is where we disagree with the European Court and why we think that its decision was wrong.

We think that the best way to close this door is to abolish the ESA youth provision, but it is not the only reason we are abolishing the youth provision. It is by no means the sole rationale for doing so, but as a matter of principle it is our view that we should make every effort to ensure that our benefits are paid only to those whom we think should be paid UK benefits—those who have recent connections to, or have lived in, the United Kingdom.

Mr Liam Byrne (Birmingham, Hodge Hill) (Lab): I want to try to follow the Minister's logic a step further. Is he going on to propose that British citizens who have retired abroad—for example, to Spain—will not be able to receive their pensions in the years to come? Is that the logical extension of his argument?

Chris Grayling: Of course it is not. We are saying that somebody should not be able to claim a benefit for the first time having not lived in the United Kingdom for many years. That is the argument that we put to the European Court, and it is a principle that we stand by. I emphasise that that is one of the reasons, but by no means the only reason, why we are taking this measure.

Mr Frank Field: Has the Minister talked to the Secretary of State about this? Would a more logical position not be that we get exemptions from the European Court ruling, and not distort our social security system to fit the European Court's decisions?

Chris Grayling: I would love to secure a more pragmatic and sensible approach to the regulation of social security in Europe. I have been working on it for the past 18 months with my counterparts in other member states, and I hope that we will make progress as soon as possible. Right now, however, we must obey European case law as delivered to us by the European Court—much as it sometimes might be frustrating to do so.

I have a couple of technical points to make before I finish. As a result of providing for the new category of entitlement, in respect of claimants whose health has deteriorated to such a degree that they are placed in the support group—I referred to this earlier in response to

[Chris Grayling]

the hon. Member for Aberdeen South (Dame Anne Begg)—it has been necessary to remove the substance of the ESA youth time-limiting measure from the original clause 52 and to insert it in clause 51 via a new subsection in section 1 of the Welfare Reform Act 2007. The Opposition amended that new subsection by changing the period of the time limit from 365 days to a period to be prescribed of at least 730 days. That is Lords amendment 19. As a result, the House will need to agree to amendment 19 but with an amendment consequential upon the rejection of the other amendments providing for entitlement to ESA to be for 730 days rather than 365 days. This will restore the Government's intention.

A similar complexity surrounds amendment 22, which was voted for in the other place and which ensures that no new claims can be made under the youth provisions in the future—in effect, from whenever that provision is commenced by order. This amendment would amend clause 52 by removing the substance of ESA youth time limiting, which is now included in clause 51, but would retain the key provision in clause 52 preventing new ESA youth claims from being made.

I am afraid that this position is further complicated by the fact that also in the other place amendment 23 was not pushed to a vote and therefore also stands part of the Bill. Amendment 23 effectively allows claims to be made to contributory ESA under the youth provisions for those that are placed in the support group. We therefore now have two conflicting clauses for conditions relating to youth. Finally, if amendment 23 were to be accepted, it would reduce the expected cumulative benefit savings by around £17 million by 2016-17—savings that would need to be found elsewhere in the benefits system.

In the light of these arguments—the urgent need to address the fiscal deficit we have inherited and the need to deliver principled reform to our welfare state—I hope that hon. Members will feel able to support the Government.

Stephen Timms: The Government are determined to insert some terrible things in the Bill, and none of them is worse than the indefensible one-year time limit on contributory employment and support allowance for people in the work-related activity group. Amendment 17 removes that one-year limit. The Government are trying to put it back. Now, with the blanket appeal that we have heard for financial privilege, they are trying to prevent the other place from daring to disagree with them once again.

The measure is literally indefensible: the Government have been unable to defend it. The Minister made no effort to defend it in his speech, other than to point out that it would save a great deal of money. He referred to what happens in other European countries, but there, of course, the support that people fall back on is much more generous than here. There is no defence for the one-year time limit, and the House needs to be aware that this change will start to impact in two months' time, at the beginning of April. According to the Government, 100,000 people will lose contributory benefits at the beginning of April this year, having already been in receipt of contributory ESA for more than one year, and another 100,000 will lose it as they reach the one-year stage of their claim over the following 12 months.

Some people argue that ESA should not be limited at all—for example, the Liberal Democrats. At their party conference, they opposed any arbitrary time limit on how long claimants can claim contributory ESA, and the Liberal Democrat peer Baroness Thomas of Winchester told Members of the other place that what troubled the conference last year was

"the arbitrary nature of the one-year cut-off."—[*Official Report, House of Lords*, 11 January 2012; Vol. 734, c. 158.]

Liberal Democrat party policy is clear on this, but we understand that today its elected representatives will take no notice of it.

The Lords amendments that the Government want to overturn are much more modest. They argue that the time limit should be not less than two years and, crucially, that the limit should be set down in regulations rather than in primary legislation. If the Government get their way, absurdly it would require a new Act of Parliament to change the limit. Throughout debates on the Bill—many Members have been present in Committee and other stages of the Bill—the Minister has told us that the purpose of the Bill is to provide the structure and that the details would be in regulations. On this measure, however, with no explanation, the opposite approach has been applied. These debates provide a clear indication of whether Ministers mean what they say when they tell us these things, or whether they are simply reading the script put in front of them.

We do not quarrel with time limiting. As the Minister said, contributory jobseeker's allowance has been time-limited to six months for many years. The rationale has always been that within six months more than 90% of jobseekers are back in work. If it is to be fair, however, a time limit for ESA must also give people a reasonable chance to get back into work. A year is not enough. The Government's own figures suggest that 94% of those who qualify for ESA are still on it a year later, so fewer than 6% are managing to get into a job within a year.

Chris Grayling: May I ask the right hon. Gentleman how he has factored into his considerations the typical six-month period that somebody in that position would have spent on statutory sick pay before they started on contributory ESA?

Stephen Timms: The question is: how long do people need to be on ESA before they get back into work? According to the Minister's figures, only 6% are off the benefit within a year, whereas 90% are off contributory jobseeker's allowance within the period that is being allowed for that benefit.

Chris Grayling: I would be grateful if the right hon. Gentleman answered my question. I asked him to what extent he had factored in the additional six months that most people would have had on statutory sick pay before starting 12 months on contributory ESA.

Stephen Timms: I answered the Minister's question. What his figures show is that only 6% of those who go on to ESA—no doubt many of them will have been on statutory sick pay before that—are in a position to come off the benefit within one year. That is not a reasonable chance to get back to work, as I think the Minister will recognise if he reflects on the matter.

As the Minister said, Lords amendment 18 specifically addresses cancer. I do not think that anyone in this House will be surprised to learn that, for many cancer patients, 12 months is not long enough to become well enough to get back into work. At 12 months, many people are still experiencing debilitating physical and psychological effects from the cancer and from its treatment. People cannot go back to work in those circumstances, and that is why Macmillan Cancer Relief, which my right hon. Friend the Member for Cynon Valley (Ann Clwyd) referred to, says that

"proposals that ESA claimants who are expected to carry out work-focused activities will only receive the benefit for one year, without being means-tested, will hit cancer patients particularly hard".

Macmillan also says:

"Three quarters...of people with cancer placed in the ESA Work-Related Activity Group are still claiming ESA 12 months later."

Mark Durkan (Foyle) (SDLP): Does my right hon. Friend agree that the Minister, with his rather "Let them eat cake" answer to our right hon. Friend, the right hon. Member for Cynon Valley (Ann Clwyd), was emphasising that the 7,000 people affected would generally have another income available to them? That ignores, first, that that other income could be quite modest; secondly, their family circumstances; and, most importantly, the fact that they face other costs—of a personal, family and household nature—because of their condition.

Stephen Timms: My hon. Friend is absolutely right. Ministers say that there is no need to worry because means-tested ESA will still be there, but if a partner is earning £7,500 a year, no means-tested support will be provided at all.

In the other place, Baroness Hayter quoted a letter from a 59-year-old man currently on contributory ESA who has worked and paid into the system since he was 15—that is, for 44 years. Now, when his health is failing, he will be left on the poverty line. He draws the obvious conclusion—this picks up on the point that my right hon. Friend the Member for Birkenhead (Mr Field) made earlier—saying:

"It would be better if my wife stopped working then perhaps I could claim income-related ESA—just like any person who has never worked".

That is the position that this change is putting people in. The Government say they want to reward work; with this measure, they are scrapping the reward for work.

Mr Frank Field: Before my right hon. Friend moves on, perhaps he could dwell on that point. The Government rightly say that this Bill is about changing and shaping behaviour, and for all of us in this House, it is important to know that this year we will probably crash through the £200 billion mark. Anybody who thinks that that does not affect people's behaviour is living in cloud cuckoo land. However, what message is this Bill sending out, when those who have provided and paid their contributions will get no benefits if there is any other income in their house, whereas those who have not played by the rules—who have decided that they will coast it on the back of taxpayers—get rewards?

Stephen Timms: My right hon. Friend is absolutely right. I am afraid that the message that this measure is sending to people in that situation is, "You've wasted your time." Indeed, that is the case not only if they have a partner with an income, but if they have any savings. If they have more than £16,000 saved, there will be no means-tested support at all.

Members need to be clear about what the Government will be doing if they get their way. Under this measure, people who are in the middle of a health crisis will be plunged into a financial catastrophe. People who have worked and paid into the system all their lives—people who have, as my right hon. Friend says, done the right thing—will find that the system is not there to help them when they need it.

Chris Grayling: The shadow Minister has just talked about the position of somebody who has a spouse who is earning £7,500 a year. Will he confirm to the House that as a result of a diminution of household income, they would also be entitled to working tax credit, housing benefit, council tax benefit and possibly to child tax credit, and that therefore the amount of support that they will receive is substantially more than he is suggesting?

1.15 pm

Stephen Timms: It will be a financial catastrophe for a very large number of people, and the Minister should listen to what people in that position are saying to him, because they have made their position extremely clear.

Ian Paisley: Does the right hon. Gentleman agree that, very simply, this change that the Government are seeking is saying to cancer patients, "You will be penalised because you are not recovering quickly enough"? That is where the insult rests: they are doing their best.

Stephen Timms: The hon. Gentleman is absolutely right: 12 months is simply not long enough for a very large number of cancer patients—or other patients, in fact—to get back to work.

Lords amendment 18 was moved in the other place by Lord Patel, the Cross-Bench peer who was formerly president of the Royal College of Obstetricians and Gynaecologists. He quoted a man with renal cancer who had had a kidney removed and who started claiming ESA in March last year. His partner earns £160 per week, but if the Government win, that man will lose all his contributory benefit in April. He says:

"We have used up virtually all our savings already. I have worked all my life and paid into the system but this doesn't seem to mean anything".

Is that really how the Government want their system to work? Of course, it is not just cancer patients who will be affected.

Mr David Nuttall (Bury North) (Con): Does the shadow Minister agree that it is completely illogical to single out cancer as a separate disease when, in fact, there are many illnesses and conditions that may result in someone being unfit for work and when, under these provisions, they would be provided for by being put in the support group?

Stephen Timms: The hon. Gentleman is absolutely right—indeed, I am just going on to make that very point. It is not just cancer patients who will be affected; there are many other people in exactly the same position. That is why we have argued for a two-year limit instead

[Stephen Timms]

of a one-year limit, because with a two-year limit there is a chance for people to get back into work. The National Aids Trust makes the point:

"Many people living with HIV who are found eligible will face significant barriers to work that cannot be overcome within 12 months."

Dame Anne Begg: The other group of people who will be affected by the time-limiting are those who have slowly progressive degenerative conditions. Initially on diagnosis, they may not be able to work—or they may have fallen out of work—but their conditions will not be severe enough for them to be placed in the support group, and they could spend up to 10 years without any kind of independent income-replacement benefit.

Stephen Timms: My hon. Friend is absolutely right. A woman with Parkinson's disease also makes exactly that point:

"There's no guarantee that I'll find a job in 12 months. It could take me much longer. I've worked all my life and paid for decades into the system on the understanding that there will be support if I need it. To be told that all this support could have a... time limit is...unfair and stressful."

The charity Sense points out that for some people in the work-related activity group, once their health has stabilised, they will need to retrain to get back into work. It will be impossible for them to do that within the 12-month period that is being proposed.

Joan Walley (Stoke-on-Trent North) (Lab): Does my right hon. Friend share my concern about those constituents of mine who have had strokes and who are not able to return to work within that period of time, and the concern that DWP officials are implementing the legislation in advance of its being on the statute book?

Stephen Timms: I was not aware of that, and I am concerned to hear it. My hon. Friend is absolutely right that stroke is exactly the type of condition that we are talking about. In the other place, Lord Low read out a letter that had been written to him, which said:

"The state is breaking its side of the contract at a time when people are most vulnerable",

having had a stroke, or whatever it is. Someone else was quoted in that debate in the other place who made the point that the news of the time limit

"came as a massive shock to me. I have found it...hard to come to terms with the fact that the government can be so cruel".

They continued:

"My medicine prescription has been increased 4-fold and been supplemented with extra medication since the time limit was announced".

This is a dreadful proposal. Removing contributory benefit long before most people will have a chance to get back to work will remove an absolutely key plank of the contributory system. In the past, people have been able to depend on support in the event of a health disaster. This change will mean that that will no longer be the case. Those in the other place were absolutely right to say that what the Government are trying to do is shameful. This House should throw it out.

The Minister of State, Department for Work and Pensions (Steve Webb): The right hon. Gentleman has accepted the principle of time-limiting. He says that a year is too short a time, and he is against arbitrary time limits. Will he tell the House the basis on which he alighted on two years, rather than three, four of five?

Stephen Timms: If the hon. Gentleman looks at the amendment, he will see that it refers to a period of "at least 730" days. That was proposed precisely because there is as yet no evidence—certainly not from the Department—about what the right period should be. We can be absolutely sure, however, that it should not be less than two years, for all the reasons that I have just outlined.

Steve Baker (Wycombe) (Con): The right hon. Gentleman makes a heart-rending case, but will he tell us what assessment he has made of the extra cost of moving to a two-year limit?

Stephen Timms: Those figures were quoted extensively in our debate. Our view is simply this: we should not be taking large sums of money from people who are recovering from cancer or from a stroke, and who have been told throughout their lives that if they paid into the national insurance system, they would be able to get help when they needed it. That pledge needs to be honoured, even by this Government.

Let me turn to Lords amendment 15 and the question of the youth passport. It is astonishing that the spiteful policy towards disabled young people remained in the Bill for so long. It is even more astonishing to see the Minister now trying to ram it back in today, after the other place took it out. The current principle is that people who have been disabled since birth or childhood should be passported on to a contributory benefit. In Committee, the Minister described the principle as an "oddity", but it has been well established since the 1970s and backed by Tory Ministers throughout the 1980s and 1990s. Only now are this Government trying to scrap it. It provides an independent income for severely disabled people whose disability started before they had a chance to work. The Minister wants to deny them that. The principle that young people who are disabled from birth ought to be able to rely on a secure independent income might seem odd to him; to most people, it is simply right.

The Government's impact assessment justifies this change, disgracefully, on the basis of simplifying the system.

Dame Anne Begg: The change will affect not only those who have had a disability since birth or childhood. A young person who has worked for only six months before having a major accident could also lose out and never have the chance to have an independent income-replacement benefit at any time in their life.

Stephen Timms: My hon. Friend is absolutely right.

The impact assessment states that the provision

"puts those previously eligible for ESA 'youth' on an equal footing with others who have to satisfy the relevant National Insurance conditions before they qualify for contributory ESA, which will create a simpler system".

It will not put them on an equal footing. They have been unable to work since before they had a chance to work, or at least to build up two years of contributions, as my hon. Friend points out. They have had no chance to build up their contributions, and they are therefore at a disadvantage, compared with everybody else. Attempting to justify the proposal—in frankly Orwellian terms—as a simplification really takes the biscuit. We are talking about a small group—15,000 people—who have never had a chance to build up a contribution record. It is right that they should be treated differently. A little complexity is necessary for fairness.

It is worth looking at how much money the Government will save by overturning this amendment. It involves a fair amount of contributory ESA —Ministers in the other place said £70 million. However, many of those young people—the Minister said it would be 90%—will be entitled to income-related benefit if they lose their contributory benefit. Furthermore, the amendment from the other place is very narrow. It applies only to the support group—that is, those who the Government accept should be protected from ESA time-limiting. The net annual saving from this spiteful cut will be about a quarter of the amount that the state-owned Royal Bank of Scotland will hand out in executive bonuses this year. It will be less than £10 million a year.

Mr Frank Field: When my hon. Friend the Member for Aberdeen South (Dame Anne Begg) asked a question about a 20-year-old living at home, we did not get an answer. I was just wondering whether my right hon. Friend was trying to find out the answer by osmosis. At what point will disabled young people qualify in their own right for means-tested support, as opposed to having a household means test applied to them?

Stephen Timms: I also noted that the Minister did not give my hon. Friend the Member for Aberdeen South the assurance that she was seeking. My understanding is that any other income in the household, from any source, contributes to the household income, and the benefit for the disabled young person is therefore removed, pound for pound. My hon. Friend was seeking an assurance that some other provision would be put in place to safeguard the young person, but the Minister was unable to give her such an assurance, because I do not think that that is the Government's intention. No such provision appears in the Bill at the moment.

Yvonne Fovargue (Makerfield) (Lab): Does my right hon. Friend agree that the measure will have an impact on young people's ability to form relationships? Having to depend on the income of a potential partner will have a great impact on their lives.

Stephen Timms: That is a particularly important point. If a person decides to marry someone who has an income, they will lose all their own income. The independence that the system has provided for 40 years is now being taken away.

Ian Paisley: The social impact of the proposals concerns me greatly. The right hon. Gentleman has rightly characterised them as "spiteful". It is at the point when a long-term severely disabled person is in transition from their teenage years to adulthood that their parents or family unit require additional support. Cutting that support will hit the family, and the young person, really hard, socially.

Stephen Timms: The hon. Gentleman is absolutely right. The young person will be robbed of their independence.

Chris Grayling: If someone is living independently, they will be entitled to income-based ESA.

Stephen Timms: The hon. Member for North Antrim (Ian Paisley) was talking about young people who are living with their parents, who might have a little bit of income or savings. My hon. Friend the Member for Aberdeen South was seeking an assurance on that point, and if the Minister were able to give her that assurance, it would be most welcome.

Chris Grayling: Once someone becomes an adult, they count as living independently.

Stephen Timms: Can the Minister tell us at what age a person becomes an adult?

Chris Grayling: When their child benefit stops.

Mr Frank Field: It is at 19.

Stephen Timms: My right hon. Friend is prompting the Minister with the answer. We will look carefully at the detail of the proposals. Presumably, they are going to appear in regulations; they are certainly not in the Bill. It is helpful that the Minister has told us that, however.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): Concerns have been expressed to me by parents who have tried to save for their disabled children. They have put money aside for them, but the proposals will affect them because the money will be in their children's names.

Stephen Timms: The Minister has told us that someone who receives an inheritance should lose all their support from the state. Those could be similar circumstances to those that the hon. Lady has just mentioned.

Sammy Wilson (East Antrim) (DUP): Does the right hon. Gentleman agree that the answer that the Minister has just given is quite astounding? He seemed to suggest that, in order to qualify for independent benefit, a disabled young person would have to leave the family home, where they have the support and facilities that they need, despite all the additional costs that that would entail. That would end up being even more costly.

Stephen Timms: To be fair to the Ministers, I think that there is some confusion on the Front Bench over the position on this. The Minister was asked by my hon. Friend the Member for Aberdeen South, who chairs the Select Committee, to give the House a straightforward assurance. He failed to do so—

Chris Grayling *rose—*

Stephen Timms: Perhaps he is going to have another go.

Chris Grayling: Let us be absolutely clear: when someone leaves child benefit—which can be at the age of 18 or 19, depending on their circumstances—they are deemed to be an independent adult. The only issue around the savings rule comes in if they actually hold and own the money themselves. So, if someone gets a £1 million inheritance, they will not carry on getting benefits. Surely the right hon. Gentleman does not disagree with that principle.

Stephen Timms: The Minister talks about people getting £1 million, but people who have £16,000 will get absolutely nothing. That is the system that he is putting in place, and I am not surprised that he is ashamed of it.

Mr Nuttall: As a matter of general principle, does the shadow Minister agree that there has to be a rule about the amount of capital that people hold? Should not a cut-off apply? It was the Labour Government's rule: there has to be a cut-off.

Stephen Timms: We are being taken into a slightly broader argument, but I will answer the point directly. The capital limit has always been a feature of means-tested out-of-work benefits. It was never a feature of the tax credit system because the previous Government wanted to encourage people in work to save. That incentive to save is being destroyed by the application of this capital limit—exactly the same capital limit—in future to people in work as well as out of work. That is another terrible feature of this Bill.

1.30 pm

Dame Anne Begg: What has just been illustrated is the assumption that people are out of work in order to get benefit. We know—well, we hope, unless the Government are proposing to change the new personal independence payment—that there will be no capital rules, so someone with a million pound inheritance will, if they qualify and meet the criteria, continue to get benefit. That has always been in our system.

Stephen Timms: My hon. Friend is absolutely right. The number of people who have a million pounds can be counted on the fingers of one hand.

Mr Frank Field: Are not Government Members mistaken on this? We are talking about the existing rules, which encourage parents to put away money—they might have found it difficult to do so—for an endowment for a very disabled child. They will now find that their carefulness in not playing the system but trying to seek independence for their offspring will be penalised by the rules, which they could never have foreseen.

Stephen Timms: That is absolutely right; that is how the Government are changing the system. Disabled young people, in recognition of their particular circumstances, have been assured since the 1970s—under Governments of both parties—of an independent income from the state. This Government are taking it away from them. As a result of this change, they will lose that security in exchange for very little saving at all to the Exchequer. The Child Poverty Action Group points out that the current arrangement helps

"young disabled people who may be vulnerable to forming unsuitable relationships, or may avoid forming a suitable relationship due to fears about losing an independent income",

as my right hon. Friend the Member for Birkenhead (Mr Field) correctly said. The current arrangements give the chance of a more secure and independent life to people who would, through absolutely no fault of their own, find that very difficult otherwise. At less than £10 million a year, that is a price worth paying for the independence of severely disabled young people. I urge the House to reject the Government motion.

Paul Maynard (Blackpool North and Cleveleys) (Con): I am pleased to welcome the vast bulk of what the Government are doing. It is a pleasure to hear that people are not being defined by their condition and are not being forced to have decisions taken about them on the basis of a label or a particular condition. That is why, as I say, I strongly welcome much of what the Government are doing.

I would, however, like to reflect briefly on amendment 23, which relates to the youth passport. It is not that I particularly disagree with what the Government are doing, but I wish to focus on a few questions, which I hope the Minister will answer, about how we intend to ensure that these young people are given, as it says in the impact assessment, the "equal footing" that the Government rightly want them to have.

My primary concern is that these young people have not been able to acquire national insurance contributions because they are severely disabled. I would welcome some clarity about the expectation that they will accrue these contributions and be protected in the welfare system at the point at which they become an adult. Despite reading the impact assessment and all the debates in the House of Lords and listening carefully to what has been said today, I am still not entirely clear how that will be achieved.

Chris Grayling: Before my hon. Friend moves on and in case I do not have a chance to respond at the end of the debate, I would like to draw his and the House's attention to the fact that people who leave contributory ESA will still be able to accrue national insurance credits in the same way as happens today for those who are not on contributory JSA. Ultimately, they will still have the same pension entitlement they would have done had they been in work.

Paul Maynard: I thank the Minister for that helpful clarification.

Secondly, I want to reflect on the comments pre-empted by what was said by the hon. Member for Makerfield (Yvonne Fovargue) and perhaps go beyond the implementation of this system to look at the wider impact on the ability of individuals to form independent relationships.

As the right hon. Member for Birkenhead (Mr Field) has recognised, we are talking largely about the impact on human behaviour. I am concerned—it is possibly a mistaken fear—that if people were to enter into a relationship and cease to be an independent household, they might become dependent on their partner's income.

That could be a deterrent to forming a meaningful relationship. I may be a simple Member of Parliament who fails to understand this complex issue, but the all-party parliamentary group for young disabled people, which I chair, has asked me expressly to raise this issue, which is at the heart of its concerns about this amendment. I would welcome some clarification of how the Government think people will behave in real life as opposed to in the benefit system.

I shall not detain the House any longer. The Government have my full support on these amendments, but I would like more clarity about how they view their implementation.

Dame Anne Begg: Let me say from the outset that I support the Lords amendments and do not agree with the Government's motion to disagree. I shall talk about two main aspects: one is the time limitation and the second is the can of worms that I have managed to open this afternoon about the youth rate.

The time limit is unfair to people who have worked all their lives, done the right thing and thought that part of their payment of national insurance would provide them with some kind of insurance scheme so that if an unfortunate accident or ill health befell them, they would qualify for an income replacement benefit—in this case, employment support allowance—regardless of their actual income. People believed that it would work like any other insurance policy and would pay out if the unfortunate happened. The Government are breaking that link between the concept of an insurance policy and how much and for how long it will pay.

People suffering from cancer are often used as an example of a group that will fall into the work-related activity category of ESA: cancer patients will often not be well enough to go back to work within the year. Other groups of people have fluctuating conditions and some have slowly progressive neurological conditions. From everything the Minister said today, the assumption seems to be that people in the work-related activity group will move towards work, but some will be on the opposite journey, moving further and further away from work as their condition deteriorates.

Because we assess people not on their condition but on how their condition affects them when they go through the assessment, someone with multiple sclerosis or in the early stages of Huntington's disease might not qualify for the ESA group, might end up in the WRA group and might qualify only some time in the future. They are likely to be a group that has already been in work and will have fallen out of work precisely because they have been diagnosed with these conditions. Although many of us—and probably those people, too—want to be in work, we live in the real world where employers will often not take the risk of employing someone with that type of condition, especially if the person has already lost one job precisely because of it.

I think the time limit is arbitrary and unfair, and I wish the Government would look at it again. The two-year provision is arbitrary as well—*[Interruption.]* In fact, I do not agree with time-limited provisions at all, but this is the best we have; it is twice as good as the Government's proposal. *[Interruption.]* I am sorry that some Conservative Members at the back of the Chamber find this so funny. The people with Parkinson's disease and MS do not find it funny. It is their lives that are being undermined, and it is they who will not have an independent income. It is my constituents—and, indeed, those of Government Members sitting at the back of the Chamber—who, because they have saved all their lives, will not qualify for income-related ESA and will suffer as a result. They will lose their independent incomes, and their household incomes, although they may have been cataclysmically affected, may still be too high for them to qualify for income support. Despite what those Government Members sitting at the back may think, income support levels are very low, and the actual level of income on which such households will have to live will therefore not be what they may have expected.

Mark Durkan: My hon. Friend may recall that, in an intervention on the Minister, the hon. Member for Shipley (Philip Davies) pledged his support to the Government on the basis that, in rejecting the Lords amendments, they were removing from the system people who had been abusing it as a "lifestyle choice". The people we are discussing are people who are suffering from life-impacting conditions such as cancer, Parkinson's and AIDS, or young people who have had disabilities since their birth or childhood. Where does the issue of lifestyle choices come in for those people?

Dame Anne Begg: I could not agree more with my hon. Friend. It is not a lifestyle choice to be diagnosed with a progressive, debilitating condition. It is hard. It is difficult. Individuals in that position face enough prejudice in society already, probably from the employers who told them that they could no longer do their jobs. That is why they need to apply for and claim benefit: because they have already faced that prejudice, which the Government may be making even worse. It is hard for those people, and we are making it harder.

Sammy Wilson: To a certain extent I agree with what the hon. Member for Shipley (Philip Davies) said about lifestyle choices, but surely, in this instance, people who have decided to save, make provision and do the right thing are being penalised for making a lifestyle choice. It is the kind of lifestyle choice of which I imagine the hon. Gentleman would approve, but the measures that we are discussing will punish people for making what he and many other Members would presumably describe as a good lifestyle choice.

Dame Anne Begg: Indeed. As I said earlier, the people who will be punished most are those who have done the right thing. They are the ones who have been in work, the ones who have saved, and the ones who have partners who have been in work and remain in work. It would be much easier for their partners to drop out of work as well, because they and their partners would then, as a household, qualify for the benefit. That would probably be the wrong thing to do from the point of view of the family, but given such a benefits system—I was going to say "a benefits system that would make them better off", but it might not do that—it will become a logical choice for a working partner in those circumstances to give up work. Although it would probably be wrong, it would be logical.

Gordon Henderson (Sittingbourne and Sheppey) (Con): Does the hon. Lady accept the principle of means-testing? That is my first question. If so, what level would she set?

Dame Anne Begg: I do accept the principle of means-testing, but I am not sure why that is relevant.

Gordon Henderson *rose—*

Dame Anne Begg: Will the hon. Gentleman sit down while I answer his question? The whole point of contributory ESA is that it is based on national insurance contributions. These are people who may have worked for 30 or 40 years, paying into what they thought was an insurance scheme. Does the hon. Gentleman, if he has insurance, expect the insurers not to pay out at the point at which the money is due to be paid?

Gordon Henderson: I thank the hon. Lady for giving way to me again. I have been made redundant twice in my life, and on both occasions, because I had capital, I was not entitled to any employment relief. I was given no benefits at all, because I had about £20,000 in the bank, and although I had been paying into the system since I was 16, I had to accept that.

Hon. Members: What was your illness?

Dame Anne Begg: I think—*[Interruption.]*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. The hon. Member for Sittingbourne and Sheppey (Gordon Henderson) has asked a question, Dame Anne Begg wants to answer it, and I am sure that other hon. Members would love to hear the answer as well. They may wish to intervene later.

1.45 pm

Dame Anne Begg: Thank you, Mr Deputy Speaker.

I think that the hon. Gentleman's intervention illustrates some of the confusion that exists. Some Members seem to believe that losing a job because of ill health is exactly the same as losing a job by being made redundant, but it is not. As was pointed out by my right hon. Friend the Member for East Ham (Stephen Timms), the chance of obtaining another job is far, far higher for someone who has been made redundant than for someone who has lost his job because he has received a diagnosis of multiple sclerosis, or because he has had a major road accident which means that he is now dependent on a wheelchair to survive. Those conditions are different, and they should therefore be treated differently in the national insurance and, indeed, the benefits system.

Mel Stride (Central Devon) (Con): Does the hon. Lady accept that any responsible policy must be fully costed? If so, will she answer the question that the shadow Minister failed to answer, and tell us how much it would cost for the one-year period to be increased to two years, as the amendment proposes?

Dame Anne Begg: At present, those on incapacity benefit—the existing benefit, which the Government are to replace—who have made the necessary national insurance contributions will keep that benefit until they return to work. Is the hon. Gentleman saying the costing should be done on any other basis? Obviously, the reason the Government are introducing the time limit is to save money: there can be no other reason, as the hon. Gentleman has effectively admitted. This is the result of a money-saving decision by the Government. It is not about being fair; it is about saving money to deal with the debt and the deficit, which were not caused by the people—and their partners, wives and husbands—who have tried throughout their lives to do the right thing.

I am conscious of the time, but I now want to say something about the youth rate. When I intervened on the Minister, I was genuinely trying to obtain some clarification, but I have ended up even more confused than before about how the youth rate will work and which groups of young people will no longer receive an independent—that word is important—income replacement benefit. They may receive non-means-tested benefits and, for instance, disability living allowance or the new personal independence payment, but they will not have any income.

Let me give an example of someone I think will be caught by that, someone who came to my constituency office a number of years ago. He was a young lad of 20 who had been in work for six months when he was diagnosed with a virulent condition. I cannot remember what it was, but it meant that he would be unlikely to work again, and indeed his condition was going to deteriorate. This young man lived with his girlfriend, who earned about £15,000 or £16,000 a year, just over the income support level. Under the measures proposed by the Government, he would not qualify for any income at all. He would be wholly dependent on his girlfriend, and the household income would consist only of her income. That does not strike me as right, and it does not strike me as fair. I should be grateful if, before we vote on the amendment, the Minister would tell us exactly which group of people will lose out as a result of the abolition of the contributory youth rate.

Jenny Willott (Cardiff Central) (LD): Does the hon. Lady accept that that young man would probably qualify for disability living allowance? He would therefore have some income, even if he did not receive means-tested ESA.

Dame Anne Begg: The household might possibly get housing benefit, but that goes on paying the rent. The young man might get disability living allowance, but that is paid because he has extra expenses due to his disability. What he does not have is an income. He has no money to go to the pub for a pint, to buy clothes, or to do anything that the rest of us, disabled or not, take for granted. He has no independent income. It is totally different if someone is out of work and unemployed. I am disappointed that those on the Government Benches cannot see that distinction, and cannot see that those who are long-term ill or disabled, and who have no prospect of improving their financial circumstances themselves because of the level of their disability, are being penalised by the Government. That is partly why I most certainly will support the Lords amendments this afternoon, and I encourage right hon. and hon. Members to do so, too.

Jenny Willott: Returning to the issue of the time-limited employment and support allowance, there is real concern about an arbitrary time limit. As was kindly pointed out by the right hon. Member for East Ham (Stephen Timms), at a party conference the Liberal Democrats showed their concern by passing a motion against arbitrary

time limits. However, the amendment from the Lords and the Government's original proposal both set arbitrary time limits; it is just that one is longer than the other. Neither of the options in front of us would get rid of an arbitrary time limit, as a number of Members have highlighted.

One way to make the system less arbitrary is to ensure that people are in the right category in the first place, with those in the greatest need in the support group, so that they are not affected by a time limit. My colleagues and I have looked long and hard at the issue, and the important thing is to get the assessment right in the first place and make sure that people are in the right category, as those in the support group are exempt from the time limit. We need to make sure that people who need long-term, indefinite support are in the support group and can get that. That is a more effective way to protect those who need the most help than changing one arbitrary time limit for another.

Dr Whiteford: I share the hon. Lady's concern about getting the test right in the first place, but is she confident that the work capability assessment is working as it should?

Jenny Willott: I was going to come on to that. If the hon. Lady will bear with me, I will hopefully answer her question.

Harriett Baldwin (West Worcestershire) (Con): The hon. Lady is making many interesting points. Does she agree that when a person has a degenerative illnesses such as multiple sclerosis, their condition may change during any finite period, so it is important to emphasise that people can be reassessed and put into the support group if their condition deteriorates?

Jenny Willott: The hon. Lady is right, and many conditions get worse at varying rates—very slowly for some people, and very quickly for others. It is important to make sure that people get the benefit that they should, and that the assessment is right, as the hon. Member for Banff and Buchan (Dr Whiteford) said.

Sheila Gilmore: Will the hon. Lady give way?

Jenny Willott: I will make some progress, because I have hardly said anything yet, and I am being intervened on left, right, and centre.

The Harrington process is critical to getting the assessment right. I welcome the work that has been done looking specifically at cancer patients, which will ensure that the vast majority go into the support group. That is the right way forward. I also welcome the fact that Professor Harrington is looking at how we assess chronic pain and fatigue, because in many chronic, long-term conditions—particularly fluctuating conditions—those are the elements that cause people most difficulty in thinking about returning to work, and the elements that, at the moment, the work capability assessment is not very good at identifying and reflecting. I really hope that Ministers will implement whatever recommendations Professor Harrington makes on those issues; on past experience, his recommendations have been sensible and have made a significant difference to the assessment.

On the point made by the hon. Member for Banff and Buchan, there is evidence that the system is improving. I looked earlier today at the latest figures on the outcome of the work capability assessments, which I found quite reassuring when it comes to the Bill. We have to treat the figures with caution, but they show that initially, following the work capability assessment, more people are going into the support group than the work-related activity group. That is a crucial point. If we are getting the assessment right, and more people are going into the support group in the first place, the time-limit for people in the work-related activity group becomes less of an issue, because the people who need the most care are getting support indefinitely.

Dr Whiteford: My concern remains that far too many people are having to appeal against their work capability assessment result, and those appeals are overturning the original decision, so the system really is not working as well as it should.

Jenny Willott: I understand the hon. Lady's concern, and the issue has been raised over a number of years by those on both sides of the House.

Chris Grayling: It is important that we put it on record for the House once again that, possibly with a tiny number of exceptions, no appeals have yet been completed following the introduction of the Harrington reforms. Every appeal that has been discussed up to now took place under the system that we inherited, rather than since we changed the system last summer.

Jenny Willott: I am grateful to the Minister, and I hope that when the figures flow through on appeals that have taken place under the new system, we see a reduction in the number of decisions overturned, and in the number of people who go to appeal. That would suggest that the assessment was working properly.

If we make sure that the assessment works properly, it will reduce the arbitrariness of the timetable, but as the Minister mentioned in an intervention on the Opposition spokesman, the right hon. Member for East Ham, it is important that we recognise that many people will receive six months' statutory sick pay before they go on to the ESA, so they will be receiving benefits for 18 months. It is important that the Government continue the work that is being done to look at ensuring that employers work with staff when they become disabled or fall sick, and do not immediately push them on to ESA. Instead, employees should get the support that they need, possibly to stay in work over an extended period, and get their full entitlement to statutory sick pay and ESA, so that they get the full 18 months' support to which many of them will be entitled.

Stephen Timms: The hon. Lady set out the fact that there was objection at her party conference to an arbitrary time limit. Does she accept the case for setting the limit, whatever it should be, in regulations instead of in the Bill? Putting it in the Bill means that it will take another Act of Parliament to change it in future.

Jenny Willott: There needs to be some stability, so that people know what to expect. One of the problems with putting that type of provision in regulations is that it becomes very difficult for people to know what they can expect. That creates uncertainty, which makes it more difficult for people to cope.

[Jenny Willott]

To return to the point made by the hon. Member for West Worcestershire (Harriett Baldwin) about people with deteriorating conditions, I welcome the concession that the Government made in the Lords. It is important that people with MS, motor neurone disease, Parkinson's and so on get ongoing support when they really need it. That is definitely a step forward.

I still have some concerns about work incentives and the means test. A person does not get means-tested ESA if their partner has a low level of income. If the partner worked 24 hours a week on the minimum wage, that would be a household income of £145 a week. However, as people would get increased housing benefit, council tax benefit and so on, the drop in income for that household when the sick or disabled person no longer received ESA would be significantly less than the scare stories are leading people to believe. I also appreciate that when universal credit is introduced, that will be far less of an issue, because the income disregard for households in which there is someone with a disability will be set much higher, at £140 a week. In the future, under universal credit, a household with an income of £140 a week will get the whole of their income and the full universal credit on top of that, so this is mainly an issue for the 18 months between the introduction of the policy that we are discussing and the introduction of the universal credit in October 2013.

I would be grateful if the Minister, if he gets the chance to sum up at the end of the debate, would say whether anything can be done to bridge that gap. For example, we could look at making sure that people in that category are among the first to be moved on to universal credit, so that we can ensure that the period in which they lose out on income is as short as possible. In addition, the DWP impact assessment says that it is likely to cost £30 million in increased benefit payments as the partners of those affected leave work. I would be grateful if the Minister could consider whether there is anything that could be done to reduce that amount of money by considering the effect on such households.

2 pm

Finally, the debate has been getting quite heated on the subject of young disabled people. I understand that there is a lot of concern about this group, because they are particularly vulnerable, but there has been a good deal of rhetoric—not least today—about the Government taking away those individuals' whole income. We have heard suggestions that people will not get anything at all, but it has been made clear today that the means test will not take into account parents' income once the disabled or sick young person reaches the age of 18 or 19. Despite the best efforts of those on the Opposition Front Bench to muddy the waters, it is quite clear that the means test will only take into account that individual's circumstances. The parents' savings and income will not be taken into account and that is why nine out of 10 of the people affected will still receive income-related ESA. That is a crucial message for people who are concerned about this move. The vast majority of people will not lose their benefits, despite the negative messages we have heard, which are creating fear that is unnecessary and worrying.

Mr Michael McCann (East Kilbride, Strathaven and Lesmahagow) (Lab): Will the hon. Lady give way?

Jenny Willott: I will not give way any more, because quite a number of people want to speak and we have only half an hour left.

There are still issues about the time limiting of ESA, although many of them will be resolved when the universal credit is introduced. I believe that the Government have been making good progress on improving the assessment process, which is critical to making the system work. I hope that the Minister gets the opportunity—even if only through interventions—to respond positively to some of the points that I have raised.

Mr Winnick: This is indeed a grubby and obnoxious measure, but I have no doubt that at 2.30 pm, the Government will carry the day. I sat on the Government Benches for 13 years, and in the unlikely event that my Government had introduced such a measure, I would not have hesitated to vote against it, as I did on other motions on one or two occasions—although not many. I would not have expected my Government to propose such a measure, and I am pleased that we are opposing it. In essence, we are debating a 12-month limit—if the Lords amendments are defeated, as I expect they will be—for those with cancer and other life-threatening illnesses in the work-related activity group of the employment and support allowance. After 12 months, most of them will be means-tested. Some Government Members will ask why such a means tests should not be imposed, but let us be clear, so that when hon. Members vote in half an hour they know what they are voting on: a claimant in the category that I have mentioned whose partner works for more than 24 hours or earns £149 weekly—£149, not £249 or £549—could lose all their benefit. I wonder how many Government Members, who seem so keen on the proposal, could justify that in their constituencies. I certainly could not and would not wish to try.

As has been stated, Macmillan Cancer Support believes that 7,000 cancer patients will be adversely affected by the proposal. The Government's own figures show that 94% of people with cancer who are placed in the group that I have mentioned need ESA for longer than 12 months. That is not disputed—if it is, the Minister will intervene. I repeat: the Government's own statistics show that 94% of such people require that support for longer than 12 months.

This is not just about cancer patients. Let me quote a piece written by someone who has a rare bone disease. He is 50 years old and has spent more than three years in hospitals, trying to recover. He is not in a position to take employment, and that is not disputed. He says that he paid national insurance contributions all his life, until his illness, and he gets £89 a week through ESA. He writes that it

"isn't a big sum...but it makes a huge difference for me. Among other everyday essentials it pays for the heating to keep me warm during the long and often painful days at home while my partner is out at work."

Not an extravagant sum, is it? We are not being over-indulgent to someone who worked until he had that terrible disease and wants to try to make the best of his life in such circumstances. He says—*[Interruption.]* I hope the Minister is listening—he smiles.

Chris Grayling: If I understand correctly, the hon. Gentleman has just described the very sad case of someone who will not be able to work again and would therefore certainly be placed in the support group and would not be affected by the measures. I am not sure that I understand the point being made.

Mr Winnick: He may well work again, but not at this moment. He writes that when the Welfare Reform Bill becomes law in April he, and others, such as cancer sufferers, people with psychiatric problems and those with other life-threatening illnesses will have their benefits "stripped" from them once 12 months is up. If his partner earns the sum I have mentioned of as little as £149 a week and if they have modest savings, he will receive nothing at all once he is means-tested. If that case is an illustration of the Government's intentions, there is all the more reason for a reluctance to support the measures and a recognition of what the House of Lords has tried to do.

As I listened to the hon. Member for Cardiff Central (Jenny Willott) and to the Liberal Democrat Minister of State, who intervened on my right hon. Friend the Member for East Ham (Stephen Timms), I asked myself whether, if they were in opposition, they would have the slightest hesitation in upholding the decision of the Lords by majority vote. The answer is pretty obvious. To their credit, a number of Liberal Democrats in the Lords decided to vote against the Government, and Liberal Democrat MPs would, in opposition, have voted in the same Lobby as us at half-past 2. It is unfortunate that they are willing to sacrifice their principles so flagrantly as a result of being in the coalition.

Let me end on a quote:

"People who are sick, who are vulnerable...I want you to know we will always look after you. That's the sign of a civilized society and it's what I believe."

That was the Prime Minister at his party conference. What he is now doing with his colleagues and with the support of the Liberal Democrats is hitting out at the most vulnerable people in our society—cancer patients and the rest, including the man I mentioned. Those are the people who will be penalised financially and harmed in so many ways as a result of what the Government are doing. That is a direct contradiction of what the Prime Minister said about protecting the most vulnerable in our society.

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. Quite a few Members wish to speak, so may I ask for short speeches? That will mean that we can get everybody in and all the views will be on the record.

Mr Nuttall: It is always a great pleasure to follow the hon. Member for Walsall North (Mr Winnick), although I do not agree with him on many occasions. I do not agree with him today either, except on one thing—the Government will get this measure through today, and that is because they are doing absolutely the right thing. One thing that I heard time and again from my constituents in the last election campaign was that they were sick and tired of the number of people taking a lifestyle choice to live a life on benefits, as my hon. Friend the Member for Shipley (Philip Davies) has mentioned.

Philip Davies: Does my hon. Friend share my surprise that the Labour party, which now has this synthetic anger about the proposals for means-testing, was the party that when in government—the hon. Member for Walsall North himself said that he supported them more often than not—extended means-testing more than any other Government in history?

Mr Nuttall: Absolutely. We have heard a lot about this means-testing this afternoon. We have heard that the system is insurance-based, which it is, but with any insurance policy there are terms and conditions. In this case, the means test is just shorthand for the terms and conditions of the policy.

Sheila Gilmore: What I find so hard to understand in the argument the hon. Gentleman is presenting is that the very people he might be condemning—people who have not worked and have not had savings—will continue to get benefit. The people who are being damaged by this policy are those who have saved, who are working and who have tried hard.

Mr Nuttall: We must have rules of policy in an insurance system. The Labour party accepted that when it was in government and the hard-working families in my constituency, many of whom have no savings at all, or less than £1,000 in savings, will ask why their taxes should go towards paying benefits to people who have far more in savings than they have. That is a perfectly logical and sensible view.

Sheila Gilmore: If people thought about this they would realise that if they had been saving and making that effort—and we are not necessarily talking about huge amounts because the measures would start to affect people to some degree at £6,000—they would find the measures unfair.

Mr Nuttall: I do not agree. We have to ask why people save. They save for a rainy day. They save in case they lose their job or have an illness. The changes will still mean that the most needy in our society will be looked after. There will still be a safety net that will help those who most need help in our society.

Dame Anne Begg: Will the hon. Gentleman be advising his constituents to take out private insurance to protect against unemployment or ill health? After all, he is supporting the limiting of the state's role in that respect.

Mr Nuttall: Some constituents might choose to do that, but that is a matter for them. I am not going to recommend whether that is the right or wrong thing to do because it is a decision they have to take for themselves. It is about personal responsibility. Hon. Members should be in no doubt that at a time when the welfare bill is spiralling out of control and this country has run out of money—we are essentially bankrupt; we are having to borrow money every single day to pay our way—it is essential that we bring the welfare benefits bill under control. It is only by taking tough decisions that that will ever be done.

John Hemming (Birmingham, Yardley) (LD): Like me, my hon. Friend might not be surprised that the Opposition are ignoring the effect of universal credit.

[John Hemming]

Does he accept that many of the families in the margins who are affected badly by means-testing will benefit from universal credit?

Mr Nuttall: My hon. Friend is absolutely right. With universal credit, we seek to sweep away some of the complexities of the welfare system that inevitably lead to confusion and the possibility for people to make errors—sometimes deliberately.

I am very conscious that many other speakers want to get in and I am sure that we want to hear the Minister's reply. Let me say again that I want to speak up for the hard-working families in my constituency and the vast number of my constituents who think the Government are doing absolutely the right thing on welfare. I urge everyone to back these moves today.

2.15 pm

Ian Lavery (Wansbeck) (Lab): If anyone ever had any doubt about the same old Tories and the nasty party, they have just seen an absolutely fine example of it. I am not surprised by the views of the hon. Member for Shipley (Philip Davies) either, bearing in mind that he said that disabled people should work for less than the minimum wage—well done!

Philip Davies: Will the hon. Gentleman give way?

Ian Lavery: On the issue at hand, one in three of us—

Several hon. Members *rose—*

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. It is up to the hon. Gentleman whether he wishes to give way. Having three people shouting at once is not the way to get anyone to give way.

Ian Lavery: Thank you, Mr Deputy Speaker.

One in three of us suffers from cancer at any one time. I am very unfortunate, as my parents and my wife's parents all died at a relatively young age.

Philip Davies: On a point of order, Mr Deputy Speaker. Is it in order for an hon. Gentleman to make an accusation that five national newspapers apologised for making? Is it in order for him to make the same accusation and then not give way to allow me to correct him? Those five newspapers at least had the courtesy to acknowledge that they had made a mistake.

Mr Deputy Speaker: That is not a point of order for the Chair, but you have put the point on the record which I think is what you wished to do.

Ian Lavery: As I was saying, one in three of us—[HON. MEMBERS: "Shame!"] I will start again. One in three of us, sadly, comes into contact with cancer during our lifetime. It is a very difficult situation. I lost both my parents, and my wife lost both of hers, so I understand how sufferers and their relatives and friends are affected. It is not just the disease that has an effect—there is also the mental and physical stress and traumatisation for people who suffer from diseases such as cancer and stroke.

Some of the people who suffer from cancer might not see two years—they might not have a vision of the next two years on this earth—but the Government propose to cut benefits from those people at that time in their lives. It is absolutely dreadful that in 2012 we have a Government who are even considering such heinous acts against the most vulnerable. When the Secretary of State, who has left the Chamber, discusses these issues on television and in the media he seems to relish the fact that benefits will be cut. He seems to have a sense of contentment or self-satisfaction—almost an arrogance beyond belief—when he states clearly that benefits will be cut. To say the very least, it is gut-wrenching.

We as politicians across the board should be looking to defend people whose voices are mostly unheard. They elected us into our positions, and they depend on us. The Government must consider an extension to ESA for two years, and we must exempt those receiving cancer treatments from any time limit whatever. It is breathtaking and incomprehensible that benefits are being cut from people at that critical point in their lives, when some see the possibility that they will not live much longer.

There are regional differences as well, regarding the availability of cancer treatments, for example. The north-east fares very poorly in that. We also have the highest incidence of newly diagnosed cancers, and I am certainly not happy with the cutting of benefits in any way, shape or form to people suffering from cancers, strokes and all those debilitating diseases.

In conclusion, we need to give such people a break—give them a chance and some understanding. You can nod your head all you wish.

Sarah Newton (Truro and Falmouth) (Con): Obviously, the hon. Gentleman is not concerned with the facts at all. Cancer does not respect political boundaries. Do you not think that colleagues on this side of the House have suffered in the same way that you have? Such a person as you have described would clearly be in the support group.

Mr Liam Byrne (Birmingham, Hodge Hill) (Lab): Follow the debate; you should know what you are voting for!

Mr Deputy Speaker (Mr Lindsay Hoyle): Order. We do not need Front Benchers to join in as well. We have enough with the Back Benchers.

Ian Lavery: Thank you, Mr Deputy Speaker. I am the sort of person who would not, in any event, agree to cuts for people on benefits who were suffering from debilitating or life-threatening diseases. That is the type of person I am. If you want to vote for that—my apologies. If it is your intention to vote for that, you do it.

Mr Deputy Speaker: Order. We are going to go through the Chair and we cannot use "you". We know better now. Okay, Mr Ian Lavery.

Ian Lavery: Thank you, Mr Deputy Speaker.

Mr McCann: Will my hon. Friend give me some clarification to get the facts straight? If someone who has worked all their life and paid contributions to the

system tragically contracts cancer, after one year will their ESA contributions-based benefit stop?

Ian Lavery: That is certainly the intention of the Government's proposal, and it is absolutely outrageous.

To conclude, bearing in mind the time, I want to say that it is about time that we gave some dignity to the people we have mentioned—

Chris Grayling: It is important that the House understands the facts. Somebody who is diagnosed with cancer who goes through chemotherapy will spend an extended period in the support group, so they will not lose benefits after 12 months. Does the hon. Gentleman accept that, today, there are more cancer patients receiving unconditional ongoing support in the support group than under the previous Government?

Ian Lavery: What I will not accept is that everyone suffering from cancer will be in the work group. That is not the case. They might be in for a short time or a prolonged period, but they are not guaranteed to be in there all the time. That means their benefits will be cut.

Sheila Gilmore: Does my hon. Friend agree that it is rather strange that a Government who have been saying that disabled people should not be condemned to worklessness and should be encouraged to work seem to be turning on a pin to argue that everything will be all right because all those people will be in the support group?

Ian Lavery: If that was the case, there would not be a problem with the legislation. Everybody would get what they were due and there would not be the apparent cut.

For the third time, I shall try to conclude. We must give dignity to those people, who are in most need, and stop the war against those in need.

Dr Whiteford: I will try to keep my comments brief, given the time pressure on us.

The Lords has done us a big service by highlighting the impact and implications of these measures for sick and disabled people. The 12-month limit to contributory ESA is arbitrary. Regardless of the people in the support group, the measure will affect people who are adapting to radical and serious changes in their health, income and life. They might be suffering from life-limiting conditions, long-term disability or fluctuating conditions. They might be people who have been used to living on an average income, but will have to get used to living on a very low income. Those adaptations take time; getting better takes time. Some people will take less than 12 months, some considerably more. Macmillan thinks that 94% will need support in the work-related activity group for more than 12 months. In that respect, while I do not accept the principle of an arbitrary time limit, I suspect that two years would catch more of those people and see them getting the support they need.

Fundamentally, these measures will upset the contract that we all like to think we have when we pay our national insurance contributions—that there will be some limited safety net for us if we are unfortunate enough to become sick or disabled. That could happen to any one of us in this Chamber, at any time. We do not know when we are going to have an accident or develop a serious illness, so not only cancer is involved, although we know that people across society are affected by it. Other conditions are just as serious, and the same principles apply.

On insecurity, I should draw an analogy with what happened when banks tried to prey on people's insecurities about the future by asking them to take on insurance for loans they had taken out. The banks have had to pay out seven-figure sums in compensation to people who were mis-sold insurance policies. I hope that that does not happen again as people think, "If I get a serious illness, there will not be support for me." I am worried that there will be an opportunity for unscrupulous selling of insurance policies to vulnerable people at the most vulnerable times in their lives.

I am concerned about the knock-on impact of the proposals on carers too. In my constituency, I have seen families working longer hours, often in low-paid jobs, just to provide financially for family members who are no longer able to work, but who once were. There is particular concern around young people; that was mentioned earlier in the debate, but it has not been focused on so much. Parents of disabled young adults have often saved throughout their lives as they are concerned about what will happen when they are no longer able to look after their children. They have saved for their children to ensure that they have independent means and a bit of money behind them for when they are adult and their parents are no longer in a position to provide.

It would be unfortunate if the capital of those young people were eroded at a time when they still had some support from their parents. They might be prevented from having an independent old age and might be made more dependent on the state than they would otherwise be. That is about the dignity of young disabled people as much as anything.

I urge the Government to consider the fact that ESA needs to be assessed on the basis of medical need, not an arbitrary time limit. People should get the support they need according to their health, not some arbitrary category that they may or may not fit into.

Sheila Gilmore: What we have heard today is that there is a big divide between the parties on our views of what the welfare state is for. The Minister opened the debate by saying that the welfare state is a safety net, by which he meant a safety net only on financial grounds; those who are very poor get help, but those who are not do not. That is not how I see it. The welfare state was set up to help us through the times when we are in difficulties, including illness and poor health. It is the social security that gives us the confidence that we will be provided for when we need it. This distinction clearly illustrates the divide between the parties.

It was very odd to hear the hon. Member for Cardiff Central (Jenny Willott) argue that this matter was somehow not as important as the Opposition think it is because people will end up in the support group. That goes against everything that many disability organisations are saying, which is that people who have an illness or a disability do want to get back to work. Perhaps they are not quite ready to go back to work within a year, but they do want to work. Parking people in the support group is a very odd solution indeed, because we will end

[Sheila Gilmore]

up going back to the situation that the Government have so heavily criticised. Where people have saved, they should have that opportunity. If someone falls ill at that age, they will already have incurred considerable financial losses and no doubt bitten into their savings. We are talking not about welfare, but about people who will start to lose benefits when they have savings of over £6,000 a year.

Sarah Newton: The hon. Lady is absolutely right that people's circumstances change, but does she not agree that they can go for a reassessment?

Sheila Gilmore: One of the things that it would be interesting to discuss if we had more time, and it is dreadful that so little time has been given for considering these important matters, is whether someone who has been in the work-related activity group—

2.30 pm

Debate interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83F), That this House disagrees with Lords amendment 15.

The House divided: Ayes 324, Noes 265.

Division No. 454] **[2.30 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks

Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mark Hunter and Jeremy Wright

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hancock, Mr Mike
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leech, Mr John
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne

McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Mulholland, Greg
Munn, Meg
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reid, Mr Alan
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruddock, rh Dame Joan
Russell, Sir Bob
Sanders, Mr Adrian
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Swales, Ian
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Chris Ruane and Nic Dakin

Question accordingly agreed to.

Lords amendment 15 disagreed to.

The Deputy Speaker then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83F).

Government amendment (a) made to Lords amendment 19.

Lords amendment 19, as amended, agreed to.

Motion made, and Question put, That this House disagrees with Lords amendment 17.—*(Chris Grayling.)*

The House divided: Ayes 332, Noes 266.

Division No. 455] **[2.45 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris

Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Jeremy Wright and
Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Crockart, Mike
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
Gilmore, Sheila
Glass, Pat

Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hancock, Mr Mike
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leech, Mr John
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Swales, Ian
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Chris Ruane and Nic Dakin

Question accordingly agreed to.

Lords amendment 17 disagreed to.

Motion made, and Question put, That this House disagrees with Lords amendment 18.—*(Chris Grayling.)*

The House divided: Ayes 328, Noes 265.

Division No. 456] **[2.58 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Farron, Tim

Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mark Hunter and
Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny

Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hancock, Mr Mike
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Hepburn, Mr Stephen
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Hosie, Stewart
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leech, Mr John
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruddock, rh Dame Joan
Russell, Sir Bob
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Chris Ruane and Nic Dakin

Question accordingly agreed to.
Lords amendment 18 disagreed to.
Lords amendment 23 disagreed to.

Mr Deputy Speaker (Mr Nigel Evans): I have received a report from the Tellers in the Division at 10.14 pm yesterday on the Question that new clause 11 be added to the Local Government Finance Bill. The hon. Members for Preseli Pembrokeshire (Stephen Crabb) and for Leicester South (Jonathan Ashworth) have informed me that the number of No votes was erroneously reported as 309 instead of 299. I will direct the Clerk to correct the numbers in the *Journal* accordingly. The Ayes were 225 and the Noes were 299, so the verdict is not altered.

Clause 93

Benefit cap

Chris Grayling: I beg to move, That this House disagrees with Lords amendment 47.

Mr Deputy Speaker (Mr Nigel Evans): With this it will be convenient to consider new clause 1 and amendments (a) to (j) in lieu of Lords amendment 47.

Chris Grayling: As Mr Speaker has indicated, Lords amendment 47 impinges on the financial privilege of this House. I ask the House to disagree to it, and I will ask the Reasons Committee to ascribe financial privilege as the reason for doing so. Notwithstanding that, the House has an opportunity to debate the substance of the Lords amendment and I intend to provide the Government's full rationale for rejecting it. I will also deal with the matters raised in the amendments tabled by the Opposition and explain why they should be rejected as well.

I should like to start by stressing that this debate is not simply about the financial aspects of what we are doing. The fact is that the arguments in favour of a cap are about fairness and about ending a situation in which, for some people, benefit rates are so high that it is not worth working. It is worth my saying that on this issue, the public of this country are overwhelmingly behind us.

Philip Davies: I congratulate my right hon. Friend on disagreeing with the Lords on this point. He is absolutely right that the public are right behind us, but does he agree with many of my constituents who think that the cap is still being set too high? They find it incredible that anybody could possibly think that it was too low.

Chris Grayling: Indeed, and what my hon. Friend says makes all the more extraordinary the flip-flopping position that we have seen from the Opposition in the past few weeks.

A recent YouGov poll showed 76% support for the cap, confirming what all of us will know from our mailbags—that the vast majority of the general public agree with the Government. It is not just the general public as a whole who agree with us, it is Labour voters as well. More than two thirds of them support the principle of a benefit cap. They agree with us that it is wrong to pay people who do not work more in benefits than people earn on average when they do work.

The cap will set a firm upper limit on total benefit entitlement, which for families and lone parents will be equivalent to the average wage for working households. We estimate that to be about £500 a week or £26,000 a year, which is equivalent to gross earnings of £35,000 a year.

Dame Joan Ruddock (Lewisham, Deptford) (Lab): I would support entirely what the Minister says but for the fact that in my constituency, rents are so high and housing shortages so great that people do not have a choice. They are obliged to rent properties that entitle them to higher housing benefit, which costs more than the cap. That is the fault of landlords for the rents that they charge, not of the poor people who have no choice and will become homeless under the cap provision.

Chris Grayling: The right hon. Lady uses the evocative word "homeless", but what happens to people in her constituency who are bringing up a family and earning a salary of £35,000 a year? Should they pay for those who are not working to have a home at the taxpayer's expense?

Dame Joan Ruddock: As the Minister will know perfectly well, families in work are entitled to housing benefit, and approximately half of housing benefit recipients in my constituency are working families.

Chris Grayling: Of course people on lower incomes can receive housing benefit, but I am not aware that it is paid to families earning £35,000 a year. Surely that is the point. We are setting a dividing line.

3.15 pm

The Opposition say that they agree with the principle of a cap, but they have been an unedifying sight in the past few weeks. Labour has said one thing one day and another the next. Let us take the example of the former Minister and now Opposition spokesman in the House of Lords, Lord McKenzie. On Second Reading, he described the cap as an "arbitrary measure". On Report, however, he said that he was in favour of a benefit cap. Then bizarrely, no doubt at the instigation of the shadow Secretary of State, he tabled an amendment that was officially judged to be a wrecking amendment. When the vote on it was lost, the Opposition decided that they would support the exclusion of child benefit, and the new clause that they tabled effectively stated that they believed £26,000 a year was not enough.

Of course, if child benefit were excluded from the cap, a household in work would have to earn a gross salary of around £40,000 a year to receive as much as a household with four children would get in benefits.

Mr John Redwood (Wokingham) (Con): I am sure that my right hon. Friend has seen that, in recent years, a large number of new jobs in this country have gone to people who have recently arrived. They have not seemed to be attractive to people who have been settled here longer and are unemployed. Does he think that is because it is not worth their while, as benefits are too high relative to pay?

Chris Grayling: That is exactly the problem. Many people are taking a hard look at the financial situation and asking, "Why would I return to work?" Surely that has to end.

Kate Hoey (Vauxhall) (Lab): Although most of us agree that there should be a cap, does the Minister not accept that the situation is different for people living in different parts of the United Kingdom? Costs are different, so common sense says that the cap should be different.

Chris Grayling: I was going to come on to the Opposition amendments, but I should make the point that, although this debate is not simply about money, there is no getting away from the fact that their amendments would be costly. They would cut the savings that will be generated by £120 million in 2013-14 and £130 million in subsequent years.

I have great respect for the hon. Lady, and she makes an important point, but it would be altogether more credible if it had not been made at the very last minute. I do not ascribe the blame to her personally, but what we have heard from the Labour party has been quite extraordinary. Its latest effort, in today's amendments, is to propose a regional benefit cap set by an independent body. The Opposition have tabled that idea and want to discuss it. However, did they table it on Second Reading? No. We had an extensive debate in Committee, which included many of the right hon. and hon. Members who are currently in their places, and I have no recollection of any mention of a regional benefit cap. We then had

[Chris Grayling]

Report, and again I have no recollection of its being mentioned. My right hon. Friend the Secretary of State led on Third Reading. I have asked him, and he cannot remember mention of a regional benefit cap. There were then the debates in the House of Lords, in which there was no mention of it. I believe that the first time we heard about it was on the "Today" programme about 10 days ago. Frankly, it is a proposal designed to get the Opposition off the hook.

Margot James (Stourbridge) (Con): Can I assume that if the Government accepted the Opposition's proposal, the £26,000 cap would apply to London and the south-east and my hon. Friend the Member for Shipley (Philip Davies) might get the smaller cap that he wants in his constituency?

Chris Grayling: That may well be the case, but of course it is not clear. We do not quite know what is in the mind of the Labour party. Is it suggesting—this is not in its amendments—that the cap should still be set at £26,000, in which case there is no reason why Labour Members should not back our measures? Or do they plan a higher cap in some parts of the country and a lower cap in others, accepting that our benefit system should be regionally based? Frankly, I am completely confused, and the House has every reason to be the same.

Philip Davies: I, too, have a great deal of respect for the hon. Member for Vauxhall (Kate Hoey), but does my right hon. Friend agree that the logical conclusion of a regional cap is regional benefits? She cannot call for a regional cap unless she is also prepared to argue for regional benefits.

Chris Grayling: My hon. Friend is absolutely right, but that is not a conversation that the shadow Secretary of State will wish to have with his close friends in the trade union movement, who would not approve at all of the idea of beginning to regionalise how the public sector operates.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): The Minister expressed surprise at the concept of variable caps and benefits. Is he not aware that that concept has applied since the time of Beveridge, in the form of local reference rents, which have existed up to now? Why does he not recognise that regional or area variations in the cap are appropriate, because rents vary enormously from area to area?

Chris Grayling: We need to be clear about what has happened. We have been through months of debate. The Labour party has got itself on to an almighty hook on the issue of the benefit cap—it is on the wrong side of the argument—and is desperately trying to wriggle free. The Government are having none of it. We are standing by our proposal. The benefit cap that we propose is the right thing and we will press ahead.

Harriett Baldwin: My right hon. Friend is right that in the 26 sittings of the Welfare Reform Bill Committee, which I had the pleasure of attending, we did not hear once about the regional benefit cap. Fifty-seven per cent. of those affected live in London. Does the timing of the Opposition proposal have anything to do with the London mayoral elections?

Chris Grayling: There might be an element of that—it is difficult to escape that conclusion. The Opposition proposal would have more credence had it not been made at the 59th minute of the 11th hour. We should not take them seriously when they make such ill-thought out, last-minute proposals.

The Government are clear that average earnings are the right way to determine the level of the cap. We do not need the Opposition's proposed independent body—another quango, I hasten to say—to tell us otherwise. The cap needs to be a single, national one for the policy to make sense. The Government will lay before the House a report on the policy's impact evaluation after a year of operation.

Ms Karen Buck (Westminster North) (Lab) *rose—*

Chris Grayling: I will give way one more time as the hon. Lady was on the Committee.

Ms Buck: The Minister knows that the Committee extensively discussed the impact of housing costs and their interaction with the cap. If a household loses income through the benefits system through no fault of its own, can it claim legitimately to a local authority to be statutorily homeless, in line with existing homelessness legislation?

Chris Grayling: I am sorry, but I simply do not buy the homelessness argument that Labour Members keep making. We are talking about a cap equivalent to a salary of £35,000 a year. Labour Members were vociferous 12 months ago when the housing benefit cap was introduced, but we have not seen the consequences of which they warned in the terms they used. I simply do not accept that somebody receiving the equivalent of £35,000 a year should be categorised as homeless and unable to find anywhere to live.

Much was said in the other place on the importance of child benefit. Let me make it clear that the introduction of a benefit cap will not result in a single household losing its entitlement to child benefit, which will continue—rightly—to be paid to the current recipient. That important principle will not change.

We are, however, changing another important principle: households on out-of-work benefits should not in future expect to receive unlimited financial support from the state. Like other welfare benefits, child benefit is funded by taxpayers. We therefore believe that it is right for its value to be taken into account along with other state benefits when applying the cap.

Mark Field (Cities of London and Westminster) (Con): I agree with where the Minister is coming from, but he should not doubt the sincerity of many London Members, particularly those of us who represent inner-London seats. We have deep concerns that some of our local residents will have to move. They will not be made homeless—I agree with him that we should not exaggerate—but they will have to move to other parts of London or the UK.

However, all London Members have constituents who might be forced to move out of central London if they have a second or a third child because of the requirement for more space. Does my right hon. Friend think it perverse that the one category of people who are exempt from that is those on housing benefit?

Chris Grayling: That is important. I said at the beginning of the debate that our amendments are not simply about money, but about points of principle. What we are trying to achieve with our reforms is to replicate in our benefits system the realities of the world of work so that people can move quickly from one to the other—we need to do that as closely as we can. Fundamentally, that is what the our proposals are about.

Several hon. Members *rose—*

Chris Grayling: I shall make some progress because we do not have that much time and other hon. Members will want to contribute.

The Government have said that there will and should be some exemptions from the cap, but we believe that work should be the primary way in which households can avoid it. We will therefore exempt households that are entitled to working tax credit. There will be a similar exemption after 2013 for working households on universal credit. Excluding child benefit will only dilute our aim. Being in work—even part-time work—must always pay better than relying on benefits alone.

We have always acknowledged that there will and should be exemptions from the cap among benefit recipients. Those will be households where someone is in receipt of disability living allowance. We will also exempt war widows and widowers. I can announce today that we intend to exempt the small number of households where someone is in receipt of the support component of employment and support allowance but not in receipt of DLA.

We have been clear that we are looking at ways in which to ease the transition for families and to provide assistance in hard cases. That is no different from what we did when we introduced the housing benefit cap a year ago. We used the time before the measure came in to work with those affected; we had flexibilities around the start; and we ensured discretionary funding for local authorities to support hard cases. It is our intention to take the same approach with the Bill.

Simon Hughes (Bermondsey and Old Southwark) (LD): I support the principle of the cap and appreciate the Government's efforts to understand the difficulties of those hon. Members who represent high-cost housing areas. The house price in my constituency is roughly double the national average.

Can the Minister confirm what our right hon. Friend the Secretary of State told me in the House on 9 November 2010—that it is "the Government's policy that" people should not be forced to move

"to a far-off community with which they have no links, and that the intention will always be that",

if they have to move,

"they should ideally stay in the community or council area where they come from and where they have lived"?—[*Official Report*, 9 November 2010; Vol. 518, c. 166.]

The Secretary of State gave me that assurance. Will the Minister repeat it?

Chris Grayling: My understanding is that those were not the words used by the Secretary of State, but I want to reassure my right hon. Friend.

Let me set out in a little more detail how the transitional measures will work. First, those who are affected by the cap will receive and have access to immediate support from Jobcentre Plus and the Work programme, starting from April this year. We know who the families are. We need them to understand how the cap will work and how it will apply to them, because people in receipt of working tax credit will be exempt from the cap. So we have a 12-month period to work intensively with the families concerned to explain what steps they need to take, to provide support through the Work programme and to look for employment opportunities for them, which will address the issue and move them back into work.

We also always expected that we would provide a grace period—a degree of transition—for people who simply lose their jobs and find that their circumstances have changed dramatically through no fault of their own. We will not penalise those who are in work and doing the right thing. We will put in place a nine-month grace period for those who have been in work for the previous 12 months and lose their job through no fault of their own. We have always intended to make this measure, and I am happy to make that clear to the House today.

In addition, the Secretary of State and the Prime Minister have made it clear that we will provide transitional support to help manage families into more appropriate accommodation—as we did when we introduced the housing benefit cap. So we will follow the same model of additional money for discretionary housing payments that we adopted for the introduction of the housing benefit cap last year. We will ensure that resources are available in the right areas, such as London, where a larger proportion will be affected. We will provide short-term, temporary relief to families who may face a variety of challenges, such as not being able to move immediately for reasons of education or child protection, supporting minimum levels of access to the housing market.

3.30 pm

We will provide up to £80 million for this purpose in 2013-14, and a further £50 million in 2014-15. However, we intend to work extensively with these families over the next 12 months. It is not our expectation that we will need anything like that amount of money, but it is there and available to ensure that we can provide appropriate transitional support for those who may require it.

Mark Reckless (Rochester and Strood) (Con): The whole House will welcome these transitional provisions. In my constituency, many people get up at 6 in the morning to catch the coach to London because they cannot afford to pay the fare for the train, let alone for a flat in Bermondsey. It is not fair on them for their taxes to be supporting benefits for people to live permanently without a job in some of the most expensive accommodation in the country.

Chris Grayling: My hon. Friend is absolutely right. As I have said, we have to seek to replicate the realities of working life as closely as possible in the benefits system. If we are paying for people to live in a part of town that they could not afford to live in if they were in work, we are trapping them in a way that will prevent them from getting back to work.

Mr Andy Slaughter (Hammersmith) (Lab): More than 1,000 households in my borough will be affected, as in that of the hon. Member for Cities of London and Westminster (Mark Field). Does the Minister realise the implications of what he is saying? It is easy to score political points, but more than 1,000 children will be taken out of their communities and sent not necessarily to other parts of London but to other parts of the country. That is happening now, and the Minister is complacent about it. Is he prepared to see the dislocation of whole communities in order to make a political point?

Chris Grayling: I am afraid that the hon. Gentleman is simply out of touch with the reality of what is happening in our country. He talks about the impact of the cap on children. But children are already having their life chances and opportunities damaged by growing up in households and communities in which no one is working. That is what we are seeking to change. The former Archbishop of Canterbury, Lord Carey, said last week:

> "If we cannot make the rewards of hard work more appealing than a life spent on the dole then we will have failed a generation of children."

That is the reality that we face today and it is why we seek to change the way in which our welfare state operates. The Government clearly have the support of the British people on the cap. If we do not reject the Lords amendment, the public will not understand why. This is a reform that is long overdue and the Government are determined to deliver it.

Mr Byrne: I rise to speak in favour of the amendment in my name and those of my right hon. and hon. Friends. I shall state at the outset that we wish to seek a Division on that amendment, and I am disappointed that the Government have tried to invoke financial privilege to defend against a vote on our amendment in the House of Lords, where they know very well that they will once again be defeated. I am, however, grateful that the Minister has incorporated half of our amendment, by ensuring that there will be a grace period of nine months, but I want to set out the dangerous flaws that have now been exposed in the "one cap fits all" approach and also set out what I think would be a better approach.

The Secretary of State for Work and Pensions (Mr Iain Duncan Smith): Will the right hon. Gentleman give way?

Mr Byrne: I will give way to the Secretary of State who I know will join me later this week in forming a new all-party group.

Mr Duncan Smith: The right hon. Gentleman says that he is upset that we are invoking financial privilege. Will he tell us why, throughout all the debates in the Lords and here, his party has not tabled an amendment to regionalise the cap at any stage, but instead chose to knock out child benefit?

Mr Byrne: Of course. The Labour party advanced the position in our amendment not, as the Minister said in a slip of the tongue, 10 years ago but well over one year ago. It was advanced by my predecessor and the Leader of the Opposition. During the passage of the Bill, we have talked extensively about the risks—*[Interruption.]* The Secretary of State might like to listen to the answer. We have given the Government ample opportunity to put in place safeguards against the dangers of their having to spend a lot of money patching up what is being done this afternoon. In the absence of those safeguards, I want to propose to him a better approach.

Mr Duncan Smith: Will the right hon. Gentleman give way?

Mr Byrne: In a moment. I will give way to him as often as he wants.

We have set out a clear alternative approach. The Government have today burned one third of the savings that they proposed for this measure because they got the policy wrong. Today, by conceding a nine-month grace period, they have incorporated part of our amendment, but now I want to show the Secretary of State a better way of instituting a principle on which I think we both agree.

Mr Duncan Smith: Throughout this debate, we have seen a game played out by the Opposition: on the one hand they are in favour but then they vote against everything. I cannot understand why, if the right hon. Gentleman takes this principled position and if Labour has believed in it for a while, he has not previously advanced this amendment, which he apparently believes so passionately now needs advancing? Why not in the Lords? Why not here before? There is no answer except that he is trying to indicate one thing and run away with the other.

Mr Byrne: I spent much of this morning perusing the helpful Conservative party briefing on the Bill—I am sure that Government Members have a copy—page 2 of which contains a useful summary explaining how I, the shadow Business Secretary, the shadow work Minister and the Leader of the Opposition have set out clearly their support, in principle, for the Bill. However, we want to give the Government the chance to institute important safeguards—for example, not allowing the cap to kick in if someone has not been offered the chance to work and instituting new safeguards for homelessness, on which they have had to spend a lot of money today. The Government have not listened to any of that, and now they have had to come back to the House accepting half of Labour's amendment and spending a huge amount of money, thus burning many of their savings.

Tracey Crouch (Chatham and Aylesford) (Con): Will the right hon. Gentleman give way?

Mr Byrne: I will give way, but then I want to set out where I think we both agree.

Tracey Crouch: I am grateful to the shadow Secretary of State for giving way. Having read the Conservative briefing, he will recall saying last week that he thought the benefit cap right in principle. Why, then, will he vote against it this evening?

Mr Byrne: We will seek a vote on Labour's amendment on Labour's benefit cap, and we are disappointed that the Government are trying to invoke financial privilege to prevent us from having that vote again in the House of Lords, where the Government know they will lose.

It is important to start by debating a principle on which both sides agree—the principle that people should be better off in work. Back in 1971, my right hon. Friend the Member for Birkenhead (Mr Field) pointed out the dangers of the poverty trap and the possibility of changes in the tax and benefits system resulting in people not being better off in work. Frankly, little progress was made in tackling that problem during the 1980s and the 1990s, which was why the institution of tax credits under Labour was such an important part of our welfare reform. Together with the national minimum wage, it ensured that people were better off in work. It was wise, therefore, for the Government to accept the principle of tax credits in their proposed changes to universal credit. That, too, is a principle that we support, and it is why we are in favour of a benefit cap, but we would like one that does not backfire and one that works in practice. That is what our amendment sets out.

Mr Julian Brazier (Canterbury) (Con): Will the right hon. Gentleman answer the question put to him just now by Government Members? Does he or does he not accept that it is wrong in principle in the long term for a family to live indefinitely in an area where they could not afford to live if they were in work?

Mr Byrne: The principle on which we both agree and which we have advanced reforms to put in place is this: people should be better off in work than on benefits. That is why we are so frustrated with the Government's failure to get people back to work. Five people are now chasing every job. That is the situation with which we now contend in many of our constituencies. In my constituency, 33 people are chasing every job. That is frustrating for those who believe that people should be better off in work than on benefits. That is why we are so disappointed with the performance of the Work programme.

Mark Field: In constructing a regional cap, will the right hon. Gentleman ensure that no more money is expended than by having a cap of £26,000— in other words, that the regional pot will remain as it is? If we are to go down that route, will he also support the idea of regional pay and regional benefits?

Mr Byrne: I will come to the localisation of the benefit system, which, as the hon. Gentleman will know, we have had for 70 years in this country, when I set out how I believe our proposal can work in practice.

Ms Buck: Will my right hon. Friend help those Government Members to understand one simple fact: that housing support and council tax benefit are in-work benefits, and that—thanks to those benefits and the tax credits policy—it is virtually impossible for any household of comparable size and comparable housing costs to be worse off in work than on benefits? The whole system is constructed to avoid precisely that scenario. Will he also help those Government Members to understand that the impact of the cap hits not only Knightsbridge and Mayfair—the Government want to run the policy by anecdote—but outer London boroughs and suburbs, such as Enfield, Barnet and Brent, as well as Birmingham? Where will those households find somewhere that they can be priced into?

Mr Byrne: My hon. Friend did an extraordinary job of deconstructing the Bill as it went through Committee, and she is an acknowledged expert on this subject. Her point is absolutely right. The Minister was not able to confirm that somebody on £35,000 could receive, for example, housing benefit. I am reliably informed that that is, in fact, the case. Because the Government have not thought this measure through, we are now confronted with the extraordinary spectacle of a cap that appears to cost more than it saves. As was pointed out by the hon. Member for Shipley (Philip Davies), who is not in his place now, in some parts of the country that will not send the signal that people are better off in work than on benefits. Only the Government could have introduced a proposal that is, frankly, that much of a dog's breakfast.

Let us take the cost side first. In this debate, we are in the happy position of not simply having to rely on costing an assertion made by Opposition Members. We are very grateful that we have got the analysis that was presented by our good friend, the Secretary of State for Communities and Local Government. In a blunt warning—not to just anybody, but to the Prime Minister's Office—the principal private secretary in the Department for Communities and Local Government said:

"we think it is likely that the policy as it stands will generate a net cost",

and that was before the Government burnt all the money that they have sent up in smoke just this afternoon.

A cursory glance at some of the scenarios that we will see in, for example, the constituency of the hon. Member for Cities of London and Westminster (Mark Field) confirms exactly what is going on.

Chris Grayling: Will the right hon. Gentleman give way?

Mr Byrne: In a moment.

We are grateful to the Children's Society for telling us that about half the families who will be affected by the current "one cap fits all" proposal will be families with five children, and on the basis of the first impact assessment—I think—the Children's Society calculated that about 21,000 families would be affected.

Ian Paisley: Will the right hon. Gentleman give way?

Mr Byrne: I will give way in a moment.

Let us just see what that scenario looks like in London. The House of Commons Library tells us that a family in that situation will be taking a hundred quid in jobseeker's allowance, £74 in child benefit, £255 in child tax credit, £32 in council tax benefit and—because of the high levels of rents in London—£350 in housing benefit. Under the cap, a family in that position will lose about £243. There is no way on earth that their rent will

[Mr Byrne]

fall by that amount. Even out of London, a family in that situation will face losing £87 a week, and there is no way that their rent will fall by that amount either. Those families—some 21,000 of them—will be made homeless. Coincidentally, that is exactly the figure in the analysis produced by the Secretary of State for Communities and Local Government. I am afraid that it is therefore rather ludicrous to suggest that there will not be widespread homelessness as a result of the "one cap fits all" approach, and if anyone wanted any proof of that, the Minister has just given it by telling us that he has had to burn a third of the savings that he proposes to make in sorting the problem out.

Barry Gardiner (Brent North) (Lab): My right hon. Friend is making a powerful case. Does he recall that, when the housing benefit capping measures were introduced, the Government said that rents would be likely to go down? What would he say to my constituent, a higher executive officer with Her Majesty's Revenue and Customs, whose landlord has put her rent up by £100 from 12 January? She is below the cap for Brent, but she has been told that she will not be able to have a review of her benefits until 14 June.

Mr Byrne: My hon. Friend has highlighted a problem with which we are confronted in London and elsewhere. It was remarkable that the Minister managed to get through his speech this afternoon without making any reference to the latest DCLG estimates for how much rents in London and elsewhere are going to rise. According to some analyses that I have seen, they could rise by something like 41% over the next few years. Nowhere is that corrected or remedied in the Government's proposals. One Department is simply not talking to the other.

Ian Paisley: Has the shadow Minister not just illustrated that this is a Greater London-centric issue, given that 60% of the high claims and high benefit payments are in the Greater London area? Across Northern Ireland, only one claimant is in receipt of an amount that would reflect a higher benefit. Yes, something needs to be said about London, but this issue does not affect the whole of the UK in the same way.

Mr Byrne: The hon. Gentleman is making the point that we tried to make in our amendment—namely, that a "one cap fits all" proposal does not look as though it is going to work. We have heard the Minister's reassurances this afternoon that certain families will be referred into the Work programme, but I am afraid that the Work programme is failing. The off-flow rate—the rate at which people flow off benefits and into work—in the last quarter of last year was the lowest since 1998. People are not getting back into work, because the Government's back-to-work programmes are failing. Perhaps the Minister will tell us what he is going to do about that problem.

Chris Grayling: I have two questions for the right hon. Gentleman, to which I would appreciate simple answers. First, as there are not yet any statistics to demonstrate how the Work programme is working, how can he make assertions about it? He does not know, one way or the other. Secondly, as he is skating round this issue in a big way this afternoon, will he tell us whether he supports the principle of a £26,000 a year benefit cap in London? Yes or no?

Mr Byrne: As I have rehearsed this afternoon, we simply think that a "one cap fits all" approach is not going to work. The Minister has had to put his hand in his pocket and spend a fortune to fix the problem. He tells us that the Work programme is working well, but the rate at which people are flowing off benefits and into work speaks for itself. It is at its lowest point since 1998. That tells us, I am afraid, that the back-to-work programmes are simply not going to work.

Anna Soubry (Broxtowe) (Con): The right hon. Gentleman says that some people will have to move home. Why does he think that that is unacceptable for the long-term unemployed? Every day, people's circumstances change. They might lose their job, their marriage or their relationship, and those circumstances mean that they have to move home. Why should the long-term—often third generation—unemployed be exempt from the real world that so many people live in?

Mr Byrne: I am very grateful to the hon. Lady for making that point with such force. No one is against people having to move home or to lower-cost areas of accommodation. What people are worried about is 21,000 families being made homeless, local councils having to pick up the bill for that, and that bill having to be paid for by council tax payers such as hers. What conversations has she had with her constituents about how much their council tax bill is going to go up because there is a new bill for homelessness to pay?

Anna Soubry: I can assure the right hon. Gentleman, following conversations with my constituents in Broxtowe, that hard-working people overwhelmingly take the view that the long-term unemployed should no longer be better off on benefit than in work. That is not only for the sake of the public purse; it is a result of the compassion that we feel—*[Laughter.]* Hon. Members should not laugh; they should know better. In the real world, some of the people I used to represent as a criminal barrister were third-generation unemployed. It is for their sake and that of their children that they should be back in work, and that is what these measures have at their heart.

Mr Byrne: They should be back in work, which is why we are so angry that unemployment is set to rise, rise and rise again over the course of this year.

Dame Joan Ruddock: Let me remind my right hon. Friend and, through him, the House that we are talking about benefits and caps that are completely and utterly inappropriate in London where many people in receipt of housing benefit because of high rents are in work. When they are told to move, as the hon. Member for Broxtowe (Anna Soubry) suggests, there is nowhere for them to move to. Our constituents are being told to move to outer boroughs, but Conservative Members know perfectly well that moving to Croydon, Bexley or Bromley is no solution for people who live in Lewisham, where rents are lower. Let me make a further point. I am told on good authority that Croydon, where it is suggested my constituents could move, is now looking to towns in the north of England to house its homeless.

Mr Byrne: It becomes clearer and clearer that the flaws in this one-cap-fits-all policy loom large indeed.

Kate Green (Stretford and Urmston) (Lab): Does my right hon. Friend agree that we are getting slightly misleading information about the percentage of people who are long-term unemployed? About 40% of them are on jobseeker's allowance and have been for less than a year; a further 22% have been on employment and support allowance for less than two years; the remainder are on income support and are not required to look for work. These are not long-term unemployed people idling about; they are people who are either not required to look for work or who have not been on benefit for a particularly long time.

Mr Byrne: My hon. Friend is absolutely right. Perhaps if Conservative Members had not tried to play politics and had thought the policy through, we might be in a better place this afternoon.

Robert Flello (Stoke-on-Trent South) (Lab): My right hon. Friend is making a powerful speech. In my constituency, as in that of the hon. Member for North Antrim (Ian Paisley), rents might be £500 a month. That is not the sort of rent that we see in London, but one thing the areas have in common is landlords who are quite happy to take the money as often as they can, but who are not so happy to look after the property that the tenants have to live in. There are a number of rogue landlords. Is that not where the fire of Government Back Benchers should be turned—on those landlords?

Mr Byrne: Absolutely right, and I shall say a few words later about the dramatic escalation in the housing benefit bill that the Department for Work and Pensions foresees. Somehow, that has not featured in this afternoon's debate, but we will come on to those facts and figures shortly.

Ian Swales (Redcar) (LD): Having sat through almost every sitting of the Public Bill Committee, I do not recall this issue getting any traction at all, so it is quite a surprise to hear it come up now. The right hon. Gentleman says that one size does not fit all, so is he going to tell us what sizes do fit, starting with London?

Mr Byrne: I am going to do exactly that. The Minister makes an important point about regionalisation and localisation, but the point has already been made that we have a local component to the benefit system, and we have had it for 70 years. It was such a big feature of the benefit system that in 1942 William Beveridge devoted an entire section of his report to "the problem of rents", as he put it. I know that the Conservative party tried to block the Beveridge report back then and that Conservative Members do not want to admit this problem now, but I am afraid that it is a problem that bedevils their policy.

Harriett Baldwin: I am glad that the right hon. Gentleman enjoyed my recently published Centre for Policy Studies policy that mentioned regional benefits. On that subject, for the most expensive part of the London would he set the benefit higher or lower than £26,000?

Mr Byrne: I shall come on to that directly, but I agree with the hon. Lady on one important point. It is important to take local factors into account. If we take out the pension system, the housing benefit bill is something like a quarter of the overall benefits spending. It has been localised for something like 70 years. Admitting a degree of localisation in the way we set a cap sounds as though it could be perfectly consistent with her proposals, although I have not read her pamphlet.

Let me give the House one more illustration of why this is so important. Perhaps the problem of the five-child family in London is included in the hon. Lady's pamphlet. Almost half the benefits received by that family will consist of housing benefit, as opposed to only about a third of the benefits received by a family in similar circumstances living in a different part of the country. Pretty often, incidentally, that money goes to the landlord rather than the family in question. I believe that we should have a cap that is different in different parts of the country, but takes account of differences in housing benefit.

Steve McCabe (Birmingham, Selly Oak) (Lab): Would not a much simpler and more cost-effective solution for London be to do something to control the excessive rents that landlords are pocketing? Then we would not have to transport pensioners halfway around the country.

Mr Byrne: My hon. Friend is right, and what has been noticeable by its absence this afternoon is any argument from any Government Member relating to what we should do about private landlords.

Harriett Baldwin *rose—*

Mr Byrne: I promise that I will give way to the hon. Lady in a moment.

A one-cap-fits-all approach will not work in London, and it will not work elsewhere. As has been pointed out by many Members representing all parts of the United Kingdom, the cap that the Government propose may not send people the signal that they are better off in work. Our argument is in our amendment, which says that the cap should reflect differences in housing benefit costs in different parts of the country. That has always been an element of our benefits system, but we would add a couple of extra safeguards. There should be a safeguard against homelessness and the kind of costs that the Minister has had to fix this afternoon, and—in my view—there should also be a safeguard against child poverty. Heaven knows, that is worsening enough under the present Government, and we do not want it to become worse still.

Harriett Baldwin: Will the right hon. Gentleman answer my second question? Would the regional benefit cap in central London be set higher or lower than £26,000?

Mr Byrne: The hon. Lady will have read our amendment, so she will know that we propose to take politics out of the issue, and to establish an independent commission to set the level of the cap. As has been demonstrated this afternoon, when it is left to politicians, they make a pig's ear of it.

Jonathan Edwards (Carmarthen East and Dinefwr) (PC): What discussions has the right hon. Gentleman had with his colleagues in the Welsh Government about his proposals for a regionalised or localised cap?

Mr Byrne: We have indeed had discussions with our colleagues in the Welsh Government, who accept the importance of introducing different arrangements for London and other parts of the country and of a solution that recognises the need to localise the benefits system.

Nick de Bois (Enfield North) (Con): I am still confused about exactly what the right hon. Gentleman's policy is. He may not know that the average salary in his constituency is less than £18,000 a year. Does he propose to reduce the cap to £18,000 in his constituency, or will his constituents be gutted to learn that he is defending the fact that they can obtain more on benefits than they can on the average salary in his constituency?

Mr Byrne: The hon. Gentleman would be wise to look to his own policy. I suspect that some people in his constituency would be better off on benefits than in work on the cap that is being suggested. Is that not true? Yes or no?

Nick de Bois: The right hon. Gentleman might like to know that according to the Office for National Statistics, the average annual salary in Enfield North is £25,500, which is close. I can assure him that many of my constituents do not think it fair that while they are earning a gross salary of £25,000, it is possible to receive the equivalent of £35,000 on benefits, which means that work does not pay.

Mr Byrne: The hon. Gentleman will accept that there will be people, under the £26,000 cap, who could be better off on benefits than in work in some parts of the country, so surely he too will admit the wisdom of having a different cap in different parts of the country. That is why we suggest that principle, and why we suggest that an independent commission looks at the levels. We have seen the muddle that the Government have got into—a muddle that has cost the Exchequer £80 million this year, and will cost it £50 million in the year after that; that is the cost of sorting out the homelessness that it has, over the past year, been telling the House would not arise. If the Government tried to take politics out of the issue just for a moment, and focused on the good old-fashioned business of getting the policy right, they might be in a better position to put in place a cap that does not backfire.

4 pm

Mr Redwood: I am interested in the right hon. Gentleman's idea; I presume that the regulator would be called Ofcap, or conceivably Doffcap. Would his party tell Doffcap that it would have exactly the same amount of money as the Government are proposing, or does he think that there ought to be more money because the amount is not really generous?

Mr Byrne: As we have seen, the budgets are moving around all over the place; we have just had £80 million put in this year, and £50 million will be put in next year, so it is not quite clear what the baseline is.

Barry Gardiner: I am grateful to my right hon. Friend for giving way; he has been extremely courteous to the whole House in giving way so many times. May I ask him to comment on the idea, mentioned many times by Government Members, that the scheme will get people into work, including those in long-term unemployment? What does he think that they would say to my constituent, a very senior teacher, who says:

> "I am a teacher and because of the cutbacks to local councils am unemployable owing to my experience and qualifications as I cost the same as 2 newly qualified teachers...I have survived these past months by selling my possessions and borrowing money"

but

> "these avenues are virtually spent and I am in the situation of having to decide between food and heat, let alone how I will pay for my accommodation"?

This man has always worked in my area, has lived there most of his life, and has served my constituents and their children, yet he is being consigned to moving to another part of the country under this legislation.

Mr Byrne: That brings me to the final point that I want to make, which is about how the policy will be implemented. We are pleased that the Government will take on half of our amendment and introduce a grace period. The Secretary of State has made it clear, from a sedentary position, that the cap is not intended to apply to those who are in work, but we are still not completely clear about how many hours a week someone will have to work to secure that exemption. I understood, in Committee, that someone needed to be working at least 24 hours a week on the minimum wage for that to happen, but the whole thrust of universal credit is to ensure, and to encourage people to take, mini-jobs. If someone is working five, six or seven hours a week, would they, too, be exempt from the benefit cap?

Finally, what would happen if a partner left their spouse, and that spouse, who had four children and lived in a constituency or neighbourhood across the river, automatically found themselves in receipt of benefits that were above the cap? In that tragic situation of family break-up, what happens to the parent looking after the children? Those are important transitional issues that I hope the Minister can clarify.

Frank Dobson (Holborn and St Pancras) (Lab) *rose—*

Mr Byrne: I give way to my right hon. Friend, and then I hope that the Minister will answer some of my questions.

Frank Dobson: Will my right hon. Friend take at least a minute or two to try to get across to Government Members that housing benefit is not kept in people's handbags or wallets? It is paid out to grasping private landlords, and until we do something about those landlords, the housing benefit bill will continue to soar.

Steve Webb: What did you do about it?

Mr Byrne: The Minister with responsibility for pensions asks what we did about it; again, in the Conservative party's briefing for today's debate, there are some interesting figures about the rise in housing benefit over the past few years, but of course closer inspection of the DWP forecast for the next few years shows that housing benefit is set to rise, year on year, at the same rate as in the past 13 years. That is why Labour has been right to expose the dangers of cutting investment in new housing and the lack of any policy making from the Government on what should happen to the private rental market.

This afternoon, Labour has set out its proposal for a benefit cap that will work in practice. We hope to press it to a vote and that the Government will think again about giving the other place a chance to vote on it—just to reinforce that point.

Mr Redwood: This is rightly difficult territory. I am relieved to hear that Ministers have reconsidered the transitional arrangements, and I am pleased that the Opposition welcome that. In the noise and heat of the debate, important truths are getting lost or ignored. We are not generous enough towards the disabled, and I was pleased to hear that they are completely exempted from the proposals, which should be widely welcomed across the House. The exemption of war widows, who often have very little to live on and whose former husbands sacrificed so much to help our country, is extremely welcome, as both parties in government have asked their loved ones to go into battle on our behalf.

I am also pleased to hear that anybody in work is exempted. The Government's case revolves around something with which I believe the Labour party normally agrees: working should always be worth while. In today's debate, there has been more heat than light. If the Labour party, the Conservative party and the Liberal Democrat party all believe that it should be more worth while to work, we need such a provision to achieve the desired effect. It comes down to the last-minute proposal that there should be some regional differentiation of the cap. We are no longer arguing for or against caps—we all now believe in that type of headgear—but Labour believes that there should be different fashions of cap across the country whereas, on the Government Benches, the passion is apparently for uniform caps.

Harriett Baldwin: Does my right hon. Friend agree that it is difficult to set a cap if one is not prepared to name a level for it?

Mr Redwood: My hon. Friend is ahead of me in my argument. So far, I think I have carried an expectant and worried Labour party with me. Labour agrees with all the exemptions, agrees with the delayed transition and agrees that we need to make working worth while.

Mr Byrne: I was not sure whether the right hon. Gentleman was about to propose himself as the head of Ofcap in practice.

Mr Redwood: No, I like representing my constituents and I suspect that the two jobs would not be compatible. I am very grateful for the kind offer, however, and I notice that the right hon. Gentleman prefers the name Ofcap to Doffcap. As Labour has not yet put forward proposals to deal with the people it describes as fat cat landlords, I think it might well be a case of Doffcap to the landlords, as we seem to be discussing how much money we will route to the landlords through the housing benefit mechanism.

I suspect that if I strayed into the subject of proposals for the housing market and landlords, you would rule me out of order, Mr Deputy Speaker, but perhaps that is a debate for another day. There might be common ground on how we can get better value for the public money being spent while ensuring that we do not cut off the supply of housing, which would be a very stupid thing to do by clumsy intervention. We need more housing at an affordable level for people on modest incomes.

We are talking about a group of people on very modest incomes, and it ill behoves people on decent incomes, such as Members of the House, to be too mean about it. We have the conundrum, however, that we always want to make it worth while for those people to work. We all accept that there will be a cap, but, if it is to be a regional cap, before deviating from the Government's proposal to the Labour proposal we would need to know what Labour has in mind for the total costings and how the proposal would work fairly within an area as well as between areas.

Sheila Gilmore: One thing that the right hon. Gentleman has not mentioned is that when we compare the working family with the non-working family, all too often in this debate we are not comparing apples with apples. The working family would have child benefit for their children on top of the wage that is constantly mentioned and, depending on the number of children they have, they might well qualify for child tax credit. We are not comparing properly, so simply saying that the situation is unfair to those working families gives the wrong impression. Does he not agree?

Mr Redwood: I thought it was now common ground that for a large number of people on certain kinds of benefit, work is not worth while. We are trying to solve that problem, so despite all those things that the hon. Lady truthfully reports to the House, we still have that problem, with which both parties are wrestling. That is why the Labour party is not here today saying, "There is no problem: we are going to vote against the whole thing," but is here with an alternative proposal at the 11th hour—the last possible chance to consider this.

Let us go back to Labour's argument on the regional cap. If it had come with a properly costed and working proposal, I might have been sympathetic to it, but we do not yet know from Labour what is the total package of money available. We have not even been told whether it wants to live within the budget that the Government have come up with for the proposal or whether it thinks the overall proposal is too mean. If it wants to spend much more, it will not solve the "Why work?" problem because provision will become too generous again and it will have a public spending problem.

Mr Byrne: Can the right hon. Gentleman tell us what the budget actually is because although we have heard some figures from the Minister today, he has not set out, for example, whether the grace period will cost any money?

Mr Redwood: Ministers are very capable of setting out their own figures. I do not have, at the top of my mind, all the detailed figures the right hon. Gentleman wants, which are properly things for Ministers to report to the House, but they have detailed the total savings overall and they are trying to live within that budget. As has rightfully been reported to the House today, they have given up some of the savings to accommodate the transitional period. It is entirely fair to ask the right hon. Gentleman, who is a specialist, as is the Minister he shadows, to tell us how much difference there would be in his proposals. Clearly, Labour has not yet thought through what the total should be.

[Mr Redwood]

There is another, very difficult, issue to consider with regionalism: there are big divergences in house and flat prices within, as well as between, regions. We should recognise this point, which in some ways makes this policy a bit easier to stomach than some on the Labour Benches suggest. I heard a former Westminster councillor saying that she had done some work on the situation of families who would be caught by the cap in Westminster. Naturally I was worried and wanted to hear what her answer was. She said she had found a considerable number of properties that she thought would be suitable for those families, quite close to where they were currently living, which happened to be rather better value than those in which they were currently living, supported by benefits. That seemed rather good news to me. Members from London constituencies will know that within London there is a huge variety of cost in property—often street by street, not merely borough by borough—so I do not think the proposal is quite as penal as some on the Labour Benches suggest. That makes it quite difficult to set a regional cap because such a cap might be no more appropriate as an average than the national cap.

Naomi Long (Belfast East) (Alliance): I thank the right hon. Gentleman for making this point, which a number of Opposition Members from Northern Ireland have concerns about. I represent a Belfast constituency and there are massive disparities between rents in the Greater Belfast area and those in more rural constituencies. If this sort of regionalisation was driven down to a very local level, it could distort people's ability to seek work in the city or outside it.

Mr Redwood: I am grateful to the hon. Lady.

I am conscious that others want to speak so I shall not extend my argument further. I just want to make the point that in order to consider fairly what is an interesting proposal from Labour, the minimum we would need to know is the overall cost in comparison to the Government scheme and how these difficult problems of judgment within areas or regions would be settled. That is an important consideration.

Mr Byrne: Presumably, the fact that homelessness will not be created, which is what the Secretary of State has argued over the past year, is the reason why he has had to find another £80 million—to solve a problem that does not exist. In direct answer to the challenge put by the right hon. Member for Wokingham (Mr Redwood), our amendment suggests that the right place to start this debate is by having a level for London and a level for outside London. That would begin to address the problem he is highlighting.

Mr Redwood: That is something we need to think rather more about, but unfortunately we have little time to do so. That suggestion might have been helpful, but there is also the problem of the big variety of levels within London. We need to know the extent to which the Labour party wants to validate the current high rents and whether there might be some other solution to the problem of very high rents that lies behind some of this difficulty.

The conclusion I must come to is that the best offer on this issue at this late stage is the Government's. Something must be done to move things in the right direction and make it more worth while to work. All of us, on both sides of the House, are extremely concerned that in recent years, under both parties, although quite a lot of jobs have been generated a very large proportion of them have gone to people who have recently arrived, because they think the jobs are good enough and that the pay is high enough. There have been reasons—perhaps very good reasons—why people who are settled here and out of work have not wanted those jobs or been able to take them, but part of the answer must be that we have the wrong balance between benefit and work income, and we need to do something about that.

4.15 pm

Mr Frank Field: If I may, I shall make one comment on the previous contribution. I thought that the right hon. Member for Wokingham (Mr Redwood) was going to go a stage further: might there not be a connection between the number of newcomers coming here to work and the extraordinary rise in rents in some parts of the country? That also needs to be introduced to our debate today: we cannot run a welfare policy if we have an open-door policy as well.

Those on the Treasury Bench are having, they think, a good day, but if they look behind them they will see that all their supporters are newcomers to the House returned at the last election, except for two Members. There is no reason why those supporters, who have been enjoying themselves so much today, should know where we will be this time next year, or a little later. Some time next year, the Bill and, we are told, universal credit will come into operation. It might be that when those two things hit the tarmac Government Members will hope that Opposition Members show a little more foresight and consideration for those on the Treasury Bench than Government Members have shown this afternoon. My guess is that there will be two God-almighty catastrophes hitting this country. The constituents of Government Members will be at their surgeries and Government Members will be baying for blood. The tables turn in this game.

I want to make three quick points, if I may. I say to those on the Treasury Bench that I do not have their confidence that these measures will be implemented smoothly, neither universal credit nor the proposals before us. A lot of people will be in transition. Whatever the arrangements, there will be hurt, and they will make that hurt felt in the constituencies of Government Members, as well as in our constituencies.

Bill Esterson (Sefton Central) (Lab): Will my right hon. Friend give way?

Mr Field: If my hon. Friend does not mind, I am going to be brief.

On the insurance principle, those on the Treasury Bench prayed in aid the public being behind them on the measure. Indeed, the public are behind them on that, but the public are against them on the first group of amendments, which we pushed through. Obviously, the Treasury gave a total that the Department for Work and Pensions had to save from the benefits bill. The truth is that we will never get past the stage of picking

on weaker people until we are prepared also to look at stronger people. Why is it that, somehow, the benefits of people in my position—those who are part of the baby boom who have done really well out of this country over the years—are never looked at? Why are we frightened to look at the concessions that, for example, people over retirement age receive as universal benefits?

If we are not to go down this track again—the biggest growth in the budget over the past 20 years is in the transfer payments that we are, in effect, discussing today—we must be a little braver and much more open about those areas that we think should be questioned, rather than having a diet of the sort that has been served up to us today.

On the £26,000 a year cap, are there not lessons for Members on both sides of the House to learn? One is that the Government's proposals are unbelievably crude. I hope that they will adopt our proposals before they go much further in this reform programme. To my own side, I say that I do not want people to think that it is only out in the sticks that people think £26,000 is a high cap. People in London who work think £26 k is high.

We should not make policy because odd people have talked to us in the street, but yesterday, a couple of blocks from here in Strutton Ground, a window cleaner said to me, "Frank, I start at 4 o'clock in the morning. I wish I could get a guaranteed £26,000 for my efforts." There are lessons for both those on the Treasury Bench and the Opposition.

My final point has already been made by my right hon. Friend the Member for Holborn and St Pancras (Frank Dobson), who probably knew that I was going to make it and so has disappeared. We have had a nationwide housing benefit for more years than I can remember, and one lesson I have drawn is that landlords are very clever at turning whatever we think of as a cap into a floor. Obviously we want to meet people's rents where possible, although they do not have a right in the long run to live somewhere irrespective of what the rent is, but can we run a housing benefit system while having a free market in rents? My suggestion, drawn from the decades I have been in this House, is that the two are incompatible if we are trying to protect taxpayers.

I hope that those three points have been useful. Given that in a year's time those on the Treasury Bench will want some sympathy from us when they are operating these measures, it might be rather gracious if they looked more favourably on the amendments tabled by my right hon. Friend the Member for Birmingham, Hodge Hill (Mr Byrne), which would make their reforms better rather than worse.

Guto Bebb (Aberconwy) (Con): It is a pleasure to follow the right hon. Member for Birkenhead (Mr Field), who always provides the House with a thoughtful contribution. It is important to state that the number of newly elected Government Members shows that we were elected on a promise to get to grips with the welfare state. I represent a constituency where the average wage is very low, yet the jobs created there over the past few years have been taken predominantly by hard-working people from eastern Europe. I think that there is something completely wrong with the system if I can meet people on the streets in Llandudno and Llanddulas who tell me that they are better off not taking employment. There is a passion for these changes on the Government Benches, a passion for change that will allow people to do the right thing with their lives and take a job.

I am intrigued and disappointed to see that not a single Labour Member from Wales is in the Chamber to discuss this issue, and I think that I know why. It is because time and again Government Members have asked the shadow Secretary of State to tell us whether his proposed regional cap is for an increase in London, with no change in the rest of the country, or for a reduction in other parts of the country. I do not know a single Labour Assembly Member, councillor or MP who has advocated a lower cap in Wales than in the rest of the country, so it is pretty clear to me that the concept of a regional variation is based on increases in expensive parts of the country but no reductions elsewhere. The Labour party has provided no financial information on its proposal.

I am all in favour of debate on this issue. My right hon. Friend the Member for Wokingham (Mr Redwood) made the point extremely well that there is an argument to be had about the regional variation in pay and benefits, but it is completely unacceptable for the Opposition to turn up with a proposal that is uncosted, untested and, in my view, intended to get the Labour party off the hook rather than contribute to any change. I do not consider myself to be a cynic on this matter, but I wonder why, when the Chancellor highlighted in the autumn statement the possibility of looking at regional pay, the Labour party attacked the proposal, yet it is now looking at proposals for a regional cap, as logically a regional benefit system must follow. I can only conclude that the difference is that benefit recipients are not union members, but public sector workers are.

Mr Byrne: I am sorry that the hon. Gentleman felt the need to add that rejoinder. There is already a very localised dimension to the benefits system: housing benefit. We have had a localised housing benefits system for about 70 years, and that is why the amendment states that, if we are to have a different solution for London, compared with the rest of the country, it is housing benefit differences that should be taken into account if an independent commission is appointed to set the cap levels. We already have that in place in this country.

Guto Bebb: That is an interesting comment. The right hon. Gentleman almost implies that there are no differences between housing costs in other parts of the country. In Wales there are certainly huge differences, for example between Cardiff and north Wales. In my constituency, there has been growth in the population of young people in villages such as Penmaenmawr and Penmachno, and it has been driven by young people who are working but cannot afford to live in the most prosperous areas. They have moved into areas where it is cheaper to buy because that is what they can afford. Why are people who do work and do take responsibility expected to commute to own a house, while that is not the case for somebody who is in receipt of housing benefit? That is another challenge to which we need to respond.

Mr McCann: May I ask the hon. Gentleman a simple question? Does he not get the fact that people who work are also in receipt of housing benefit? Instead, he is trying to put everybody into the same hole of being workshy and wanting to claim benefits?

Guto Bebb: I reiterate the point that my Front Benchers have made: there are not many people in my constituency earning £35,000 a year before tax who are in receipt of housing benefit. That is the crucial difference. The average wage in my constituency is £23,000.

People say, "Are we in touch with the general public?" When I was appointed to the Bill Committee on this proposal, I held three public meetings in my constituency, and one message came through loud and clear: "Why on earth are you going to put in a cap of £26,000?" I think that the cap can be justified, because the Government are taking into account the needs of people throughout the country, not just those in my constituency and those in a low-wage economy such as Wales—a low-wage economy, dare I say it, that has suffered badly from continued Labour party rule for the past 80 years.

The big issue is that we are bringing forward a proposal. If the Opposition were serious, they would also bring forward costed proposals, but we do not have that. We have platitudes and excuses to try for tactical purposes to defend the party position. Ultimately, in this measure, we are proposing a benefits cap, trying to ensure that people see that work does pay and protecting the disabled and people who are in work, and this proposal, in the absence of anything else from the Opposition, is a proposal that we should support.

John McDonnell (Hayes and Harlington) (Lab): May I just make it clear that I oppose a benefit cap in principle? This policy has been borne out of prejudice and political expediency, rather than reason. In every recession there are scapegoats, and it is usually the poor, who become a political football for political game-playing and advantage. I am not morally willing to involve myself in that debasing political game.

We all have to bring our own experiences of our constituents to this debate, which has exposed differences in their lifestyles, and at times it has been apparent that we do live in different worlds. I do not begrudge Members and their constituents who are in good, well-paid employment, a secure home that they can afford and a decent environment, but that is not the experience of many of my constituents, or of many constituents throughout the country.

I have lived in my constituency for about 35 years, and I live in statistically the most deprived ward in the borough. The vast majority of people whom I see around me desperately want to do what is needed to ensure that their families have a good quality of life. They pay back into the community in many ways, they work long hours often in insecure employment and their pay, in many instances, is low and often below the London living wage.

The risk is unemployment, which over recent years in my constituency has increased by 52%, and over the past year by 7%, so there will be times when many of my constituents will not be able to find work. They struggle, above all else, just to provide a decent roof over their family's heads, and that is because we face the worst housing crisis since the second world war. Housing supply has not kept up with housing demand, council houses that were sold off in the 1980s and '90s have not been replaced by successive Governments, and there has been an expansion in buy-to-let, higher-rent-charging landlords, who provide many of my constituents with squalid housing conditions and overcrowding—Rachmanite landlords, who are building up lucrative property empires.

Robert Flello: Does my hon. Friend agree that, if a tenant complains, those landlords kick them out?

John McDonnell: Some Members will have seen recent television programmes that relate to my constituents and to Rachmanite landlords. It has not happened overnight; I blame what has happened over the past 30 years. So what is the logic of the cap for my constituents. Is it an incentive to secure work? The vast majority need no incentive; they are desperate for work. Yes, there is a small minority who will always refuse to seek work, but there are already sanctions for that, introduced by this and the last Government. I already have constituents turning up at my surgery who have been automatically suspended from benefits for three months for the slightest infringement, and they include many who suffer mental health problems or who simply cannot work through the system themselves.

4.30 pm

Is the idea to force people to move to cheaper accommodation? Most in my area pay the rents that they pay because they have no other option; there is nothing to downsize to. In any case, the new housing benefit regulations to force down rents have already been introduced. Benefits in my area already do not meet the full cost of rents. People are faced with options. How do they make up the gap between the benefit and the rent? In some instances this winter, there has been a choice between heating and eating.

I repeat that in my constituency—and this is happening across the country—we now distribute food parcels to keep people in some form of civilised existence. If people are to move, where do they move to? My local council is advising people to move to Leicester, Southampton, Manchester and elsewhere in the north. The problem is that the lower-rent areas are where there are no jobs. We are in a vicious cycle of forcing people into areas where they cannot survive.

For me, the cap simply means that more of my constituents will be forced into poverty. All the statistics demonstrate that children will be hardest hit. There is already the problem of children in families being churned from temporary accommodation to temporary accommodation. That destabilises the family and has an impact on their education. The cap is supposed to control costs, but, as has been said time and again, we simply need to control rents. Let us halt the profiteering by landlords that has gone on in recent decades.

My view is simply that the cap is unnecessary and based on prejudice and political posturing. In past debates in the House, there have also been discussions about cutting the cost of welfare. There was one quote about benefits being an incitement to idleness. Such expressions were used in the debates about the poor law and eventually led to policies of less eligibility and the workhouse. We do not seem to have learned anything in two centuries about poverty and how to tackle it.

Jenny Willott: I have made clear my view on the total benefits cap a number of times already in the House, but I take this opportunity to highlight again that

Liberal Democrat Members support the principle of a cap and the important message that it sends out that it has to be better for people to be in work than on benefits.

It is also important to exempt those in the support group of employment and support allowance and those who receive disability living allowance. We do not expect those people to work and it would be inappropriate to apply a cap to them, so I welcome the move announced earlier today. I also welcome the package of transitional measures that the Government have announced—in particular, the grace period to protect those who fall out of work. The Government's grace period of nine months, announced today, is more generous than the six-month period that Labour proposed and was discussed in the other place. I believe that nine months is the right period of time to allow people a chance to get back into work. The vast majority of people who fall out of work will get back into work within that period, so the provision is fair both to families and to taxpayers.

During the debate on the cap in recent months, there has been a lot of rhetoric about huge families sponging off the state. I have sympathy with some of the points made by the hon. Member for Hayes and Harlington (John McDonnell). Some of that rhetoric has been extremely unhelpful. Suggestions that all those on out-of-work benefits are getting more than people in work are simply not true. The rhetoric has been ramped up a little and that has been unhelpful for getting to the truth.

Jane Ellison (Battersea) (Con): Like my hon. Friend, I welcome the Government's announcement on transitional arrangements, which is particularly valid for those of us with London constituencies. She mentioned unhelpful rhetoric. Does she agree that it is important that, across the House, we convey what those transitional arrangements are, rather than spending a lot of time making political points and scaremongering, which affects all our constituents?

Jenny Willott: Many living in London have been told that they are going to be made homeless and that everybody on benefits gets more than people who work. Those messages are unhelpful. They scare people and we need to make sure that, from now on, there is a more sensible, measured tone to the debate.

Mr McCann: Will the hon. Lady give way?

Jenny Willott: I will give way on that point and then I will not give way again.

Mr McCann: What does the hon. Lady make of what the Secretary of State for Communities and Local Government said about the number of people who will be made homeless because of the introduction of this policy?

Jenny Willott: I understand that those are old figures that have been withdrawn and that new impact assessments have been published since. The hon. Gentleman can look at those and see what the new figures are.

As has been highlighted by many Members, the cap will hit people hardest in areas with high housing costs. Those tend to be in London, but are also found in cities around the UK. We are not talking about feckless, workshy families with hundreds of children who are sponging off the state. That is why what the Government have put forward today is much more sensible than the proposal sent down from the other place. Exempting child benefit would help those on the margins, but do nothing for those affected by the highest housing costs, who will potentially be most affected by the cap. The Government's package of targeted support and discretionary housing payments is a much more effective way to deal with the issues that will be created.

I note that Labour Members have not tried to argue otherwise today. They have said little about the amendments that have come from the Lords. The right hon. Member for Birmingham, Hodge Hill (Mr Byrne) will correct me if I am wrong, but I think that I heard him say that the Opposition plan to vote against the Government on the motion to disagree, as well as to vote in favour of their own amendment.

I disagree strongly with the localisation of the benefit cap because that would create a hideously complicated system that it would cost a fortune to implement. It has been suggested in desperation by the Labour party at the very last minute. The proposal is incredibly vague and was summarily demolished by the right hon. Member for Wokingham (Mr Redwood).

Bill Esterson *rose—*

Jenny Willott: I will not give way any more because I want to give other people the chance to speak.

There are no arguments in favour of what Labour has put forward. It is far too vague to even be considered at such a late stage. I think that the Government's approach is right.

As other hon. Members have said, alongside the targeted support and the grace period, we need to look at the issue of rents and the ridiculously high housing costs in parts of the country. That affects working families who are struggling to keep a roof over their heads, as well as those who are on out-of-work benefits. The Government have been forced into a number of the measures that they are taking because high housing costs have forced up housing benefit and local housing allowance budgets over the past few years. That money is going mainly into the pockets of private landlords. Alongside the transitional support, which will help with high housing costs and help families in the greatest need, I hope that Ministers will work with the Department for Communities and Local Government and local authorities to bring down rents in high-cost areas. That would be a much more effective way to tackle this problem in the long term in particular areas and would save the Government money in the long run.

Finally, I am grateful that Ministers have now made it clear that the Government will review the implementation of the cap after a year. I welcome that. I hope that it will identify any issues or areas where there are problems so that action can be taken.

Simon Hughes: My hon. Friend has done a huge amount of work. Before she sits down, may I say that the things that should give London Members the greatest confidence are the letter from the Secretary of State, which confirms that an independent consortium is carrying out a review of the recent local housing allowance

[Simon Hughes]

changes, and that Ministers have today made it clear that this policy will be reviewed in a way that is public and accountable, and that if it then needs to be re-evaluated, that can be done by Parliament and Government?

Jenny Willott: I agree with my right hon. Friend. I give way to the Minister.

Chris Grayling: I referred to this earlier, but I would like to put it on the record that we certainly intend to carry out a review, as my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) said. We would automatically do so with a major policy innovation of this kind. We will carry that out in a transparent way. I also confirm that we are carrying out the other work that he talked about. I want that to be on the record for him.

Jenny Willott: I am grateful to the Minister for clarifying those points.

Finally, the Harrington process that has been put in place to review the work capability assessment has been an extremely effective way of getting outsiders to take an independent look at how Government policy is working. It has made significant improvements. I hope that we can learn from that process for the review of this policy to ensure that we are doing what is in the best interests of those who are affected by the cap and of taxpayers.

Mr Slaughter: This is how the benefit system works in high-rent areas. If someone with four children goes to Hammersmith council and asks to be placed, they will not be given a permanent home and will be told that they have no prospect of ever getting one, because Hammersmith council is demolishing, not building, social housing. They will not even get temporary accommodation. They will be put in a direct let property under the relationship that the council has with some of the seediest landlords going. They will be charged market rents, but will be living in appalling conditions.

Let us take a real example of a family with four children who live in an ex-council property—these slum landlords go around buying up such properties—on a council estate in the poorest ward in my constituency. They currently get £450 a week in housing benefit for a four-bedroom flat. That will of course be reduced to £400, so they will slowly but surely get to the point of being evicted.

On the day when they are evicted, those people will go back to the town hall with their children. They may then be accepted as non-intentionally homeless, and they might be put into accommodation in Croydon. However, Croydon council says that when the overall cap comes into effect, it will move its families to Hull. That family will therefore face the prospect of a double move.

Mike Gapes (Ilford South) (Lab/Co-op): Will my hon. Friend give way?

Mr Slaughter: I will not.

I end by asking the right hon. Member for Wokingham (Mr Redwood), who talked about how people should work, how much more likely it is that that family will be in work when they are in Hull. I mean no disrespect to Hull or its Members, but that family will have been taken away from the schools and community network in Shepherd's Bush, where they have lived for generations and where there are employment opportunities.

This is about not just intolerance or inhumanity but incompetence. The Government are sundering communities and sending people away from their families and communities, and giving them no prospect of either a decent life or employment.

Richard Graham (Gloucester) (Con): It is an absolute delight to join the debate, which is of key interest to my constituents.

I first wish to talk about the people who have had the least said about them today. Indeed, I do not think any Opposition Member has referred to them. They are the people who pay the £175 billion benefits bill that the Government run up each year on behalf of the people of Britain. I wish to speak for some of the taxpayers in Gloucester.

I have done some research on average earnings in my constituency. The figures are not complete, but I think it will be of interest to Members, and relevant to their own constituencies, that of some 20,000 public sector workers in Gloucester, I estimate that 90% have pre-tax salaries of less than the £35,000 that is equivalent to the £26,000 benefit cap that the Government propose. That figure of 90% means that 18,000 people working in my constituency of 100,000 people are in that position

It is harder to get the same figures for people working in the private sector, but based on a straw poll of three companies employing more than 400 workers, I estimate that some 87% are on pre-tax salaries of less than £35,000 a year. I believe that the vast majority of workers in my constituency would be astonished that Labour proposes that there should be no cap on the benefits that people get.

Philip Davies: My hon. Friend is absolutely right, and I endorse his figures. Given the scaremongering that we have heard from Opposition Members, does he know how many of those people who earn £35,000 a year are homeless?

Richard Graham: My hon. Friend raises a key point, and I will come on to the definition of "homeless" in a moment, as it is of significant interest.

Dame Joan Ruddock: We all appreciate that the hon. Gentleman's constituents who are in work are hard-working and may be getting less than the national average wage, but will he acknowledge that they may well be entitled to a raft of in-work benefits such as working tax credit, child tax credit, child benefit and housing benefit? It is not a case of saying that people in work have only a certain amount of money and others should not have so much. There is a real difference between people's overall entitlement and the simple figures about their wages.

4.45 pm

Richard Graham: The right hon. Lady makes a perfectly valid point. Some workers receive benefits, but I do not believe that any of them will receive benefits for their

family equivalent to, let alone more than, £26,000 a year. I stand to be corrected, even immediately by e-mail to my office, but I am pretty confident.

Sheila Gilmore: I tend to agree with the hon. Gentleman. I do not know Gloucester very well, but it would be unlikely for people in Edinburgh to reach that cap, which is exactly the difficulty. Not everywhere is the same. Hon. Members have said that some rents are far too high, but we cannot compare the situation of people in Gloucester with that of people in London.

Richard Graham: The hon. Lady is welcome to visit Gloucester. We have lots of things to show her that she will enjoy. If her point was that there are specific problems in London, I agree with her, but I shall come to that later if I may.

The second group of people in my constituency whom I want to address is those on the lowest wages of all. The Government have been clear that one of their major goals—many of us campaigned for this long before the general election—is to reduce, and if possible to eliminate, income tax for the lowest earners in our constituencies. They have done a great deal towards that goal—I believe that 1.1 million have been taken out of income tax altogether. What message do we send to those who are not earning very much and whom we would like to take out of income tax altogether if we do not cap the benefits that those not in work can clock up?

We should send the lowest earners the message that this Government are on their side. We want to take them out of income tax when we can, and at the same time, we want to put a cap on those families who, for whatever reasons, are unemployed. That is a very important message to send, for example, to the young worker at Asda in Barton and Tredworth, who finds that the presents she buys her children at Christmas are not nearly as good as those bought for the children of the family next door, who are living more comfortably on benefits. This is a worker-friendly policy and Bill.

The third group in my constituency whom I should like to address is those who are the most worried and the most vulnerable, including the disabled—I have had several mails from disabled people—war widows and those on PIP or attendance allowances. As the Minister has made absolutely clear, the Bill provides protection for the most vulnerable in our constituencies.

I absolutely recognise that people could well be affected by some elements of the Bill, and the vast majority of them probably live in London. It is not for me to speak on their behalf or on that issue, but the Minister has addressed the problem with three measures: first, the 10-month grace period; secondly, a special nine-month grace period for those who lose their job; and thirdly, a package of discretionary funding. That seems to me to be a significant proposal for hon. Members whose constituencies are likely to be affected.

The right hon. Member for Birkenhead (Mr Field) made a good point when he warned of the consequences of the Bill in a year or two. Many Government Members, including me, are new to the House and indeed to the world of politics, whereas he has years of experience. I do not have his experience of debating measures that sound great on the day but do not deliver quite what they intended, but in 2010 the Select Committee on Work and Pensions, of which I was a member, looked very carefully at changes to housing benefit. There were warnings from well-known charities such as Shelter and speeches from Opposition Members such as the hon. Member for Westminster North (Ms Buck) that thousands, if not hundreds of thousands, of people would be thrown out of their accommodation and have to sleep rough on the streets. A year later, none of that has come to pass, although I may have missed something.

Mr Duncan Smith: Does my hon. Friend agree that one of the biggest problems in these debates about welfare is that contributions from the other side, with the exception of the right hon. Member for Birkenhead (Mr Field), are characterised by massive scaremongering about every single change? That has been reprehensible.

Richard Graham: My right hon. Friend makes an important point. I have heard from many charities, whose work I deeply respect in many ways and who are active in my constituency, and the strength of their words on some of these issues does amount to scaremongering. I hope that, as on housing benefit, they are proved entirely wrong.

I hugely congratulate the right hon. Member for Birmingham, Hodge Hill (Mr Byrne) on the ingenuity of his argument. I have no doubt that were he to go more deeply into the private sector, as I believe he is starting to do, he would be a fantastic salesman of unsellable products. Today, we have heard from him an extraordinary, last-minute and uncosted proposal that leaves us none the wiser about what the Opposition really believe. I sympathise with the right hon. Gentleman. He said that if we left matters to politicians, they would make a pig's ear of it. He is right: he did. From the man who was in charge of the spending of taxpayers' money and realised that he had spent it all, that was a hugely motivational factor for many Government Members, who realised that politicians had made a pig's ear of it and perhaps it was time for people from outside politics to come in and try to do something to help.

Mr Byrne: The hon. Gentleman is very generous and I am grateful for his compliments. But he must accept that Ministers have so badly thought this policy through that they have had to face the indignity of coming to this House and promising to spend £130 million solving a problem that they have told us for the last year would never present itself.

Richard Graham: As the right hon. Gentleman will have just heard, I came into this House from outside politics, with a background in the public sector, the charity sector and business, where making concessions and being flexible in achieving goals was generally considered to be a merit. Perhaps if he had shown more flexibility in his approach to the handling of taxpayers' funds, we would not be in quite the situation that we are today. I am sorry, because I enjoy his company, but I came to the conclusion that his approach today does not remotely add up to a policy. It is simply the continuation of a welfare culture by his party that amounts to gross irresponsibility, married to a something for nothing culture.

In summary, the Bill achieves the following goals. It protects the weak, the disadvantaged and the disabled. There are transitional arrangements in place to help

[Richard Graham]

families who are unintentional victims of the Bill in places with high housing costs such as London. It does ensure that workers who are paying the tax that goes to support an enormous benefits bill can see that the Government are taking steps to cap the amounts that are paid out. It is the right thing for Gloucester and for this country, and the amendment is a clumsy, last-minute fudge rather than any solution. I have no hesitation in rejecting it and supporting the Government's proposal.

Kate Green: I need only a couple of minutes to ask three questions, particularly in relation to the Lords amendment on leaving child benefit out of the cap.

As has been pointed out many times, families earning £35,000 or £40,000 and families on benefits both receive child benefit—it is a universal benefit. First, then, how can it be right to have the same cap for a single, childless adult as for a family with children? Secondly, why are this Government, of all Governments, importing a new couples penalty into the benefits system? It might make more sense for a couple, each of whom might separately be below the cap, to separate than to stay together and incur it. I have never understood why this Secretary of State, of all Secretaries of State, wants to introduce such a policy.

Thirdly, how will the cap be uprated—if, indeed, it is to be uprated? What will happen if a family is forced to move to cheaper accommodation because its costs exceed the cap, and then rents rise in the new area and it is forced to move again and again and again? Until we know how the cap is to be uprated, children's well-being and family stability will be put at risk, but I have yet to hear Ministers address that issue.

Chris Grayling: In the past hour and 45 minutes, we have listened to a debate that sums up the difference between the Labour party and the parties in government. With the leave of the House, I will respond briefly to the remarks that we have heard.

It is my view—and, I believe, the view of the public listening to this debate—that we have to change the nature of our welfare state. We have to move away from the world that existed under the previous Government, where children grew up, generation after generation, in houses where no one worked, and where entire communities had people with no experience of work in their family and who knew nothing about how to improve their lot in life. In the Bill, we have introduced a package of measures that will do nothing short of transforming our welfare state.

The great tragedy of this afternoon's debate is that Labour just does not get it. We have seen an extraordinary attempt by Labour to get itself off a highly visible public hook over a policy that commands overwhelming public support in every constituency in the country. If we walked out on to the streets this afternoon and asked the public what they thought about a benefit cap, we would discover that virtually everyone was 100% behind this policy. Yet what we have heard from the Opposition over the weeks has been an exercise in dancing around the issue. There have been moments when they have said that they favour the benefits cap, but there have been moments when they have said that they oppose it.

Sheila Gilmore *rose—*

Chris Grayling: Let us ask one of them who was on the Committee. Does the hon. Lady support the benefit cap?

Sheila Gilmore: I stood up to say that we cannot simply go to the population in the way suggested. When I was out on Sunday, one of my constituents said to me, "Yes, £26,000 seems a lot of money", but when I asked her what she thought about so much money going in rents to landlords, she immediately changed her mind. We cannot create policy by giving people insufficient information.

Chris Grayling: You'd think they hadn't been in government for a generation!

As we stand here, we still do not know exactly where Labour stands. I cannot, hand on heart, say, when the House divides in a minute's time, whether Labour Members will vote for the benefit cap or against it. We asked the question again and again but they would not answer. They dance around the issue and come up with lame last-ditch excuses and new ideas that they did not discuss in Committee. At the end of the day, they do not want to give an answer to the public. In a moment, they will have to give that answer, because out there are millions of people watching us this afternoon, asking, "Will the House of Commons back something we passionately believe in?" We on this side of the House will be walking through the Division Lobby tonight in support of a benefit cap. We will be backing the views of our constituents; the question is: will the Opposition? Will the shadow Secretary of State, will the shadow Minister, will all the people who we have listened to in debates in Committee and in this Chamber—

5 pm

Debate interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83F), That this House disagrees with Lords amendment 47.

The House divided: Ayes 334, Noes 251.

Division No. 457] **[5 pm**

AYES

Adams, Nigel	Binley, Mr Brian
Afriyie, Adam	Birtwistle, Gordon
Aldous, Peter	Blackman, Bob
Alexander, rh Danny	Blackwood, Nicola
Amess, Mr David	Blunt, Mr Crispin
Andrew, Stuart	Boles, Nick
Arbuthnot, rh Mr James	Bone, Mr Peter
Bacon, Mr Richard	Bottomley, Sir Peter
Baker, Norman	Bradley, Karen
Baker, Steve	Brady, Mr Graham
Baldry, Tony	Brake, rh Tom
Baldwin, Harriett	Bray, Angie
Barclay, Stephen	Brazier, Mr Julian
Barker, Gregory	Bridgen, Andrew
Baron, Mr John	Brine, Steve
Barwell, Gavin	Brokenshire, James
Bebb, Guto	Brooke, Annette
Beith, rh Sir Alan	Browne, Mr Jeremy
Benyon, Richard	Bruce, Fiona
Beresford, Sir Paul	Bruce, rh Malcolm
Bingham, Andrew	Buckland, Mr Robert

Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, Mr Gregory
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McCrea, Dr William
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Paisley, Ian
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shannon, Jim
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, David
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Ward, Mr David
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wilson, Sammy
Wollaston, Dr Sarah

Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mark Hunter and Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Long, Naomi
Lucas, Caroline
Lucas, Ian
MacNeil, Mr Angus Brendan
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sanders, Mr Adrian
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Phil Wilson and Graham Jones

Question accordingly agreed to.

Mr Byrne: On a point of order, Mr Deputy Speaker. This has been an important debate, yet the Government have ensured that no time was available to discuss Labour's amendment and to put it to the vote before the knife fell at 5 o'clock. They declared financial privilege

on the amendment in order to stop it being debated in the House of Lords. What advice would you give me, Mr Deputy Speaker, on how to ensure that this place is able to vote on Labour's benefit cap?

Mr Deputy Speaker (Mr Nigel Evans): Further to that point of order, I call Mr Iain Duncan Smith.

Mr Duncan Smith: Far be it from me to suggest an answer, but the right hon. Member for Birmingham, Hodge Hill (Mr Byrne) might like to reflect on the fact that his party did not vote on the programme motion.

Mr Deputy Speaker: My response to the original point of order is that I am operating under the programme motion that this House voted for; I can do nothing other than that.

Clause 10

Responsibility for children and young persons

5.15 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Miller): I beg to move, That this House disagrees with Lords amendment 1.

Mr Deputy Speaker: With this it will be convenient to consider the following:

Lords amendment 2, and Government motion to disagree.

Lords amendment 3, and Government motion to disagree.

Lords amendment 4, and Government motion to disagree.

Lords amendments 5 to 14, 16, 20 to 22, 24 and 25.

Lords amendment 26, and Government motion to disagree.

Lords amendments 27 to 46 and 48 to 72.

Lords amendment 73, and Government motion to disagree.

Lords amendments 74 to 110.

Maria Miller: As Mr Speaker has indicated, Lords amendments 1, 2, 3, 4, 26 and 73 impinge on the financial privileges of the House of Commons. In disagreeing to the amendments, I will ask the Reasons Committee to ascribe financial privilege as the reason to the House of Lords. Notwithstanding that, however, the House of Commons has an opportunity to debate the substance of the amendments, and to provide the Government's full rationale for rejecting them,

Lords amendment 1 concerns elements for disabled children. Let us be clear about the impact of the amendment. It would force the Government to reduce support for severely disabled children and, moreover, would go against our commitment to increase support for such children to £77. I believe that our original policy, as agreed in this House, is the right one, because it targets support for disabled people not on age but on need, and removes the cliff edge of financial support that is currently faced by young adults and their families.

In these difficult times, we must make tough choices about where to target our limited resources. The choice that the Government have made is to protect the money that is available to support disabled people in universal credit, and to use it more effectively to ensure that the people who face the biggest challenge are given more support. I repeat that all the money is recycled to support disabled people. What we are doing is thinking about the whole life of an individual, and removing the current artificial division between childhood and adulthood. I hope that that reassures my right hon. Friend the Member for Wokingham (Mr Redwood), who spoke earlier about the importance of supporting disabled people. We have ensured that we can protect the money that is so important to them.

As we have reiterated throughout our debates on the Bill, we are overhauling existing support. It does not really make sense to look at any one aspect of universal credit in isolation: it provides families with a new package of support to meet a range of needs, and for that reason we need to consider the overall impact of the offer rather than concentrating on any of its individual components.

A parent with a disabled child and who is working 20 hours a week on the minimum wage is likely to be £73 better off in work under universal credit, rather than only £13 better off under tax credits. About 30,000 more families with a disabled child are in work than are out of work, so it is right for us to target support in a way that helps working families. An out-of-work family with a disabled child can receive just over £8,000 a year in benefits for their child once universal credit has been introduced. That compares with just over £4,000 for an out-of-work family with a non-disabled child, and about £1,000 for a family who only receive child benefit. Our impact assessments and modelling demonstrate that, overall, families are more likely to be better off on universal credit, and that there will be no significant change for disabled children living in poverty.

As all Members know, increasing spending is not an option. We simply cannot maintain the existing rates for disabled children if we are to increase the rates for severely disabled adults. That would cost £200 million, which we simply cannot afford. This is a critical point. If the amendment were agreed to, it would not be possible to increase the addition for the most severely disabled people to £77. Let us be clear: the decision to be made is whether we should maintain rates for moderately disabled children at the expense of raising the limits for severely disabled people. We strongly believe that the fairest approach is to align support between children and adults. We take an holistic view of an individual's life. In summary, what is fair and right is to simplify benefits within universal credit, and to focus limited resources on the basis of need, not age.

Let me now turn to the amendments that deal with child maintenance:

> "we should use every lever at our disposal to make reaching a voluntary agreement more attractive than coming into the Child-Maintenance Enforcement Commission."

Those are not my words, but those of the former Secretary of State for Work and Pensions, now Lord, Hutton, to a Select Committee of this House in 2006.

Let me make four brief points to put the debate in context. Conflict when families break down is bad for children, as we all know from our constituency casework,

[Maria Miller]

and we all know that all too often that conflict can be embedded and entrenched as a result of problems to do with the Child Support Agency.

The role of the Child Maintenance and Enforcement Commission has changed fundamentally. It is no longer about recovering, pound for pound, the benefits payments made to lone parents. Instead we have a benefits system that gives more than £6.5 billion in welfare payments directly to lone parents, both those in work and those not in work. In the past, change has been piecemeal. That has created the current failing system, which costs taxpayers £500 million every year; has nil-assessed more than 250,000 people, some of whom really should be receiving support; and has 100,000 clerical cases. It would not be putting it too strongly to say that we have inherited a real mess from the Labour party. The reform that we are undertaking is long overdue.

My concern is that the amendment from the other place is not about improving the situation; if anything, it would make the situation worse. It is about attempting to divide parents into those who deserve to be charged, and those who do not. Our reforms are about creating a behavioural change for the benefit of children, and about helping parents to work together. The amendment from the other place would make that approach unworkable.

Malcolm Wicks (Croydon North) (Lab): I have been listening carefully to what the Minister has to say. This is complex territory that has bewildered previous Conservative Governments and, frankly, the Labour Government. Will she tell the House how many parents with care do not receive any child maintenance from the other party?

Maria Miller: I can tell the right hon. Gentleman how many children do not receive any maintenance from the other party. Given that we spend £500 million a year on a child maintenance system, I think that it will shock the House to learn that for half of children living in separated families, there is no support in place. It is clear for everybody to see that the present system simply does not work, and the reason why it does not work is that it does not support families in coming together.

Claire Perry (Devizes) (Con): May I say how strongly I support the reforms, particularly the link-up with Her Majesty's Revenue and Customs, which seems incredibly sensible to the parents in my constituency who come to see me? Will the Minister tell us what will happen on the ground locally to support families who are separating? I think that is where the rubber hits the road.

Maria Miller: I thank my hon. Friend for her intervention. I will come on to this in a bit more detail in a moment, but I have been working with organisations such as Gingerbread, Families Need Fathers, Relate, and the Centre for Separated Families to make sure that we have the sort of support in place that has not been forthcoming for too many years, so that there is a structure for referring individuals to the right level of support via telephone lines, websites and the expert support that already exists. Importantly, we will also make available funding—some £20 million—to support programmes that help families to resolve their differences. That is doubling the amount of Government support for family relationships.

Andrew Percy (Brigg and Goole) (Con): I support a lot of what the Minister is trying to do, and I know how dedicated she is to trying to help the Child Support Agency. However, I support the Lords amendment on charging. I agree with charging later on, when people are refusing to adhere to an order, but if the relationship between parents has already broken down, there is a risk that people will not go for the maintenance that they want because of the charging.

Maria Miller: I thank my hon. Friend for the opportunity to clarify an important aspect of the current situation. More than half of parents within the CMEC system would like to make their own arrangements—they positively want to do that—if they had the right support in place, but they do not have that support. They see the CMEC and the Child Support Agency as the only option open to them, and that cannot be right. It cannot be right that we are not doing more to support families so that they can take responsibility and do the right thing.

Mr Frank Field: Is not the really big change that we are discussing the fact that when the CSA was first established, the maintenance moneys went to the Treasury to offset what taxpayers were putting up because, generally speaking, fathers were not prepared to do so, whereas now that money remains with the family? Is it not reasonable, in such circumstances, if people are going to get a top-up to their benefit that they should contribute to the cost of gaining that extra money? On the timing, should we not charge people once they are getting the money, not before?

Maria Miller: I thank the right hon. Gentleman for making that point. He is absolutely right. Indeed, back in 1991 when the Child Support Agency was initially put in place, some £400 million of savings were attached to it because there was a pound-for-pound withdrawal of maintenance and the welfare benefits that an individual received.

Sir Bob Russell (Colchester) (LD): What would the administrative costs be of levying the £20 fee and processing it?

Maria Miller: I just realised that I did not finish my response to the right hon. Member for Birkenhead (Mr Field). He challenged me about the up-front cost, and why we were not just making an ongoing charge once money was flowing. It is very simple. We want not simply to use this to enhance a family's income but to take the opportunity to help parents to consider whether they should go to the Child Support Agency as they could stay outside the system and make their own arrangements.

Several hon. Members *rose—*

Maria Miller: Hon. Members will forgive me if I make some progress, as I may answer some of their questions before they ask them.

On the cost of the up-front payment, it is important that we recognise that the system costs the taxpayer almost half a billion pounds a year. We want to ensure

that we are using the system to support families properly to take responsibility, but we also need to ensure that we make the prudent savings that taxpayers would expect us to make in these difficult economic times. The cost of charging up front will not disproportionately add cost to the whole system—far from it. We are incentivising people to come to their own arrangements. As I said in reply to my hon. Friend the Member for Brigg and Goole (Andrew Percy), more than half the people currently inside the system would like to make their own arrangements. I know that by putting in place an up-front charge we will get some of those people to consider the actions they take.

Kate Green *rose—*

Maria Miller: The hon. Lady will forgive me if I try to make some progress. I know that many hon. Members want to contribute to the debate and we have another significant issue to discuss after this one.

We want to support parents in taking responsibility for their child's financial support post-separation, so that they do not see the costly and heavy-handed CSA as their only option. As I have said, half the parents using the Child Support Agency tell us they would like to make their own arrangements, with the right support, which clearly demonstrates that the CSA has come to be seen as the default option.

We have already announced that we are putting in place the support that parents need to be able to come to their own agreements, with the collaborative arrangements that are best for children.

Mr Frank Roy (Motherwell and Wishaw) (Lab) *rose—*

Maria Miller: I will make a little more progress, if the hon. Gentleman will forgive me.

We are doubling Government spending on relationship support with an additional £20 million. I want to put on record my thanks to those groups that have worked hard with us to develop what that support should be—they are, as I have said, Gingerbread, Relate, Families Need Fathers, and the Centre for Separated Families. For families that need the more structured approach of the statutory scheme it will remain accessible and heavily subsidised, but there will be in-built incentives for parents always to see the advantages of working collaboratively and in-built incentives for parents to pay maintenance in full and on time.

Maintenance direct will be a no-cost way for parents to make ongoing payments to each other within the statutory scheme and the full statutory collection scheme, with its strong enforcement powers, will be a service that both parents pay for.

Mr Dave Watts (St Helens North) (Lab): Does the Minister share my experience that it is not a question of the system but a matter of enforcement? Whether the process is voluntary or goes through the Child Support Agency, the problems of children not receiving any money come about because there is either no enforcement or the enforcement is not effective. How will the system provide the enforcement action that is needed?

5.30 pm

Maria Miller: I share the hon. Gentleman's experiences of the current system and although I pay tribute to the staff who work in the Child Support Agency and the Child Maintenance and Enforcement Commission for their efforts to make the system work, we all know, as constituency MPs, that there is a big problem with parents' attitudes towards payment. There is absolutely nothing in place at the moment to prevent parents from simply waiting until enforcement comes into play. Our measures will ensure that that changes, and will mean there is always an incentive for people to pay on time. Importantly, we will ensure that if we have to take heavy enforcement action, the individual who has caused the situation will pay for it, whether through a deduction of earnings order or through other measures we are putting in place.

It is not the Government's intention to block parents from using the statutory scheme and we are listening hard to the concerns of parliamentarians in both Houses. To that end, the Government have proposed amendment 75 to ensure that there is a review of charging, and a report to Parliament will be completed within 30 months of the introduction of that mechanism. I can announce today that to underline that commitment the up-front charge for parents choosing to use the statutory scheme will be reduced to £20 for all applicants. In return, parents will receive a calculation of maintenance payable that will, for the first time, be based routinely on HMRC data. Additionally, domestic violence victims will be completely exempt from the application charge. I am sure the whole House will welcome this announcement, which demonstrates that no family will be deterred from accessing the statutory system purely on the basis of cost.

Mr Roy: The Minister has just praised Gingerbread. Does she agree with what Gingerbread has said—that 72% of single parents would not be able to come to an agreement and that 50% of those parents would not be able to afford the application fees?

Maria Miller: I think it is very important to work with individuals in all the organisations that support families going through separation. We will not always agree on everything but it is important to work together because we must get a solution that is right for mothers, fathers and children.

Amber Rudd (Hastings and Rye) (Con): Will the Minister clarify that the gateway for access by parents will be £20 each and not, as was previously set out, a more complex one? If that is the case, I congratulate her and the Government on listening to people, reducing those charges and making this more simple.

Maria Miller: It will be £20 for the applicant only, because we want to make sure that the system is easy and straightforward to administer. For that, applicants will get a calculation of the amount of money their ex-partner would pay them. I should like to reassure my hon. Friend that, on an ongoing basis, the levels of charges will always sit disproportionately on the non-resident parent, because it is important that there is always an incentive for people to come to an arrangement.

Sheila Gilmore: Obviously, any change of heart is welcome—I do not think we would not welcome this—but there is something I do not understand. If, as the Minister has said, many people are reluctant to pay, how will charging the applicant—the parent with care—make the other parent more likely to pay?

Maria Miller: The hon. Lady and I know that it is very difficult for us to sit in judgment over parents. Family breakdown can be caused by many different things and we need to make sure that the support is there for parents to come together and work together. All our evidence suggests that 50% of people in the CSA system would rather not be there and would rather be working in the way I have described.

Nicky Morgan (Loughborough) (Con): The Minister is absolutely right about the need for collaboration-based arrangements. To respond to the previous intervention, is not the inflexibility of the system one reason why non-resident parents often do not like paying? The constant barrage of letters, telephone calls and everything else means that they feel more and more reluctant but more and more pressured to pay. My constituency cases suggest that collaborative arrangements are sustainable and have worked.

Maria Miller: My hon. Friend is right that the inflexibility in the system does not reflect true family life. Every single family is different. It is difficult to reflect that in a statutory system, which is why encouraging more people to work on those arrangements together, whether the issue is finance or access, is the way for children to get the best results after family breakdown.

Ian Paisley: It would be churlish to not recognise that the Government have listened, because a £100 access fee would have been prohibitive to families, especially the most vulnerable families, who matter most in all this. I put on record my thanks to the Government for listening on that point, because that will allow more engagement with the statutory agencies, which is how we can get to the bottom of these problems.

Maria Miller: I thank the hon. Gentleman for those kind words. It is important that we have a solution that we feel everybody can work with as we move forward.

Roberta Blackman-Woods (City of Durham) (Lab): Will the Minister give way?

Maria Miller: May I address the amendment directly? The Government accept that Lord Mackay had the very best of intentions in tabling amendment 73 in the Lords. However, his approach means that the Government, before deciding who would pay a charge, would have to consider whether parents had tried to be collaborative. In considering that amendment, hon. Members should ask themselves whether it is the Government's place to monitor and judge parents' efforts to work collaboratively after their separation.

Mrs Helen Grant (Maidstone and The Weald) (Con) *rose—*

Claire Perry *rose—*

Maria Miller: I will give way in a moment. The implication of the amendment is that we should say yes to that, but the Government know that the answer absolutely has to be no. Not even under the simplest model of implementation could we see a way to set a level playing field of the sort that parents really need at such a difficult time. It would cost, we estimate, more than £220 million across this spending review and the next—a cost that would not be right for us to accept, and certainly not driving the right outcomes for children.

I give way to my hon. Friend the Member for Maidstone and The Weald (Mrs Grant), who has so much experience in this area.

Mrs Grant: I was a legal aid family lawyer for 23 years before being elected to this place, and I had the opportunity to represent many families seeking maintenance. It would be impossibly difficult, practically and fairly, to assess which families had taken reasonable steps to reach an agreement and which had not, unless we created an intrusive, Big Brother society, which I do not think anyone would want.

Maria Miller: I thank my hon. Friend for that intervention, because she brings with her a wealth of experience of the practical problems that families face in these very difficult times. An additional effect of the amendment would be to put almost 100% of the ongoing charges on the non-resident parent. We agree that non-resident parents should have a clear incentive to pay a greater contribution to the ongoing costs, but I fear that simply loading all those costs on the non-resident parent could drive some perverse incentives and not provide the ability for parents to work in the collaborative way that I have set out.

Roberta Blackman-Woods: We would acknowledge that reducing the amount of money that must be paid up front by the applicant is a step in the right direction, but I am still not clear about the rationale behind the non-resident carer being more likely to pay up because the applicant must pay a charge. I am concerned about conceding the principle of paying up front, because what will stop the Government coming back in a year's time and hiking up the £20 fee to £100 or £150? Will the Minister explain how the uprating of that amount will be carried out?

Maria Miller: I thank the hon. Lady for her helpful support. It is really important that the up-front charge does not become a deterrent, which is why we will look at how charging is working 30 months after implementation. I remind her that the parent with care receives, in return for her up-front fee, a clear and detailed calculation of how much money would be payable to her through maintenance, and for the first time the calculation will use HMRC data, which will ensure that she has all the information needed to decide whether it is appropriate to go into either maintenance direct, where there will be no ongoing charges, or the statutory system.

Pauline Latham (Mid Derbyshire) (Con): I, too, welcome the fact that the cost for the applicant has come down, but will the Minister explain what the charging will be and how much it will cost the Government to collect the £20, because it seems to me that it will cost far too much to collect a mere £20?

Maria Miller: I thank my hon. Friend for her question. Of course, we are all very quizzical about the CSA when it comes to costs, because we know that it has been very difficult to administer over the years. She will be reassured to know that we have taken a very straightforward approach and want to keep it simple. By charging an up-front fee and getting people to reconsider staying outside the system, we will be making considerable savings, as I have outlined. When she considers that each case costs around £26,000, or up to £40,000 if it involves any sort of enforcement, she will quickly see that getting people to reconsider will lead to significant savings.

Claire Perry: My hon. Friend is being most gracious in giving way. I wish to help underpin her point. As MPs we all face multiple challenging CSA cases, the most distressing of which are those where claimants know that their spouse is earning lots of money but not declaring it. Getting a statement that for the first time is based on HMRC's reported data and sets out clearly what recipients can expect is a huge advantage, and £20 for that is a cheap price.

Maria Miller: I thank my hon. Friend for her support. The key is that we must ensure that we encourage both parents to work together, which is why we have configured the charging system in the way we have. That will always be in the best interests of the child, and hon. Members who work in this area will know that separation can be so damaging for children unless it is dealt with collaboratively.

Mr Watts: I am still not absolutely sure what the enforcement action that will drive some parents to pay will be. On the point that the hon. Member for Devizes (Claire Perry) has just made on people who have doubts about their spouse's income, many of those people are self-employed and do not declare their incomes, so we will not be able to chase them, and that is the problem, not that PAYE will not catch them.

Maria Miller: The hon. Gentleman and I know that self-employed people, although a small number of individuals, are disproportionately represented in the problem cases that hon. Members have. He will also know that self-employed people still have to do tax returns, so rather than ex-partners having to pursue individuals who might be self-employed and have no office at which we can get hold of them, we will be able to use the HMRC link, which I think is an important improvement.

With regard to the enforcement that we will be taking to ensure that things really stick, first and foremost it is about ensuring that there is an understanding in the House about the charges that we will put in place for that enforcement action. Implementing a deduction of earnings order does not currently cost the person defaulting on their maintenance a bean. We are talking about making sure that those charges are passed on, which I think taxpayers would expect us to do. We will also consider implementing some of the other enforcement measures that Labour Members put in place through the Child Maintenance and Other Payments Act 2008.

Sarah Newton: My hon. Friend is generous in taking so many interventions. My understanding is that each CSA case costs the taxpayer about £25,000 in administration charges, and that can even go up to £40,000 if enforcement action is taken, so what estimate has she made of the savings to the taxpayer that will result from the new proposals?

5.45 pm

Maria Miller: My hon. Friend cites those figures accurately, and the savings throughout this spending review period and into the next will be considerable indeed—running, I believe, into about £200 million. That is money we can use to support families directly through organisations such as those I have mentioned, and that is why we have made up-front a very clear commitment to taking £20 million of the money that we will save and directly investing in it in beneficial support for families. That is the right thing to do with the money that we are saving, as is making our contribution to reducing the budget deficit, which we inherited from the Labour party.

Seema Malhotra (Feltham and Heston) (Lab/Co-op) *rose—*

Maria Miller: Will the hon. Lady forgive me if I close on child support now?

We know that we have to get parents to work together, and the issue is not simply about maintenance, but about continuing to encourage co-parenting, post-separation. Again, where possible, that is the right thing for children, and that is why the coalition Government, with our commitment to shared parenting, are putting family relationships and responsibility first. I therefore urge right hon. and hon. Members to reject this amendment from the other place, which could seriously undermine the very principled reform that we are undertaking here today.

Seema Malhotra *rose—*

Maria Miller: If the hon. Lady will forgive me, I want to turn to the housing measures in order to ensure that other hon. Members have an opportunity to contribute.

The amendments to clauses 68 and 11 would dilute our proposals to deal with the widespread problem of social tenants under-occupying their accommodation. The proposed changes would effectively allow that group to keep one spare bedroom and, critically, wipe out up to £300 million a year from the estimated £500 million in savings, which we would have to find elsewhere. That approach is quite simply unrealistic, and in the current economic climate it would be totally irresponsible of us not to press ahead with our changes.

Mr John Leech (Manchester, Withington) (LD): Does the Minister not accept that in many areas there is no alternative social rented accommodation to move to, and that people will be expected to move from social rented housing to smaller, private rented accommodation, which will end up being more expensive and, therefore, increase the housing benefit bill, not decrease it?

Maria Miller: I know that my hon. Friend takes a great deal of interest in that issue, as indeed do many other hon. Members, but I simply put it to him that many people in that situation will choose not to move.

[Maria Miller]

They will choose to make other arrangements and, perhaps, to get other people in their household to contribute to the bills. Indeed, I am sure he is right that some people will choose to move, and we are ensuring that there is sufficient time for them to consider their options and, importantly, making sure that support and a significant amount of discretionary housing payments are in place, so that local authorities are able to support people who have difficulty with the change.

Simon Hughes: I am grateful for the Minister's understanding, and, as somebody who represents more people in social housing than probably any other English MP, I know that the Government have absolutely the right policy to ensure that people do not occupy properties that are bigger than they need when the state is paying the rent. But it is not practical to insist that they move when there is nowhere smaller to move to, so Lords amendment 4 is entirely reasonable, because it refers to the situation when

"any such landlord is not able to offer suitable alternative accommodation which would not cause a person to under occupy."

If a landlord is able to do so, of course the tenants must move, but if the landlord is not, the tenants will not be able to move anywhere appropriate.

Maria Miller: I thank my right hon. Friend for that intervention; I understand the feeling with which he delivered it. I say clearly to him that we are saying that there is a great deal of time and considerable support for individuals who find themselves in difficult situations. We need to make sure that as many people as possible are able to remain where they are and that they are given the support to do that.

We have made considerable moves to make sure that the right support is in place, particularly for those with disabilities or foster care responsibilities. But I ask my right hon. Friend to consider how we would deal with what would be an enormous loss to the savings. Our basic problem is that there are 1 million spare bedrooms while about 250,000 families live in overcrowded accommodation. It is important for us to try to balance all those factors.

Kate Hoey: Would the Minister like to visit one or two people who I know in my constituency? It is only across the river. They are elderly people with one extra bedroom who have lived where they live all their lives. Their children have moved outside London because they cannot get housing here, but they occasionally visit with the grandchildren. This is just unbelievable—it is genuinely unbelievable that any Government would think of making someone move away from their family home. Will the Minister visit and explain the situation to those elderly people, who are so worried and upset by what has been suggested?

Maria Miller: I thank the hon. Lady for that intervention. Again, I understand the thoughtful comments that have been made. We are not making anybody move. The average reduction will be about £14 a week, but for many it will be about £12. Given the amount of notice that we are giving individuals and families, we want people to be able to consider the available options.

Mr Alan Reid (Argyll and Bute) (LD): In many islands or remote villages, there is simply no alternative accommodation; the turnover of social housing is so slow that it could take many years for a smaller house to become available. What support will be available for people on islands and in remote villages so that they can stay in their own communities?

Maria Miller: My hon. Friend and I have spoken about these matters and I understand the very individual problems that his constituency faces. It is because of those very individual situations that we have put in place significant support so that local authorities can consider different ways to support families living in rural areas some distance from other communities and make sure that they are not dislocated from their support networks.

Guto Bebb: This issue has been of real concern to me. In a recent letter that I received, Community Housing Wales argued that more than 40,000 individual tenants in Wales would be affected by the issue of under-occupancy. What it failed to say is that, according to Welsh Assembly statistics, more than 50,000 tenants in Wales are over-occupying. There is a need for social housing providers to look creatively at how they move tenants within housing stock.

Maria Miller: It is important that that part of the debate is recognised by the House. For every family in a situation of under-occupying, many have considerable problems with over-occupation.

The hon. Member for Vauxhall (Kate Hoey) talked about her real concern for some of her constituents. I remind her, although she will know this already, that the measures that we are talking about are for working-age people only—not for pensioners. I encourage all hon. Members to ensure that the tone of our debate is based on fact and not fictional evidence.

Claire Perry: About a third of my constituency casework is made up of Child Support Agency cases, but another third is made up of housing. In Wiltshire, more than 12,000 people are waiting on the housing list. Week after week, young families come in who simply cannot get the housing that they need. Will my hon. Friend confirm that we must support the principle and do what is being discussed to relieve the pressure on social housing lists?

Maria Miller: Absolutely; my hon. Friend makes a clear point and an important contribution to the debate.

Several hon. Members *rose—*

Maria Miller: If hon. Members will forgive me, I will make a little progress, because I know that many people want to contribute to this debate.

Aside from the financial issues, there is the bigger issue of fairness, which hon. Members have talked about in their interventions. Is it fair for taxpayers to take the tough choices about where they live, only to fund tenants in the social sector to live in homes larger than they need? Is it fair that people who are renting from private landlords get housing benefit to live in accommodation that is a suitable size for their household and that those in the social sector are not so restricted?

Several hon. Members *rose—*

Maria Miller: If I am allowed to make some progress, I will perhaps answer some of the questions that hon. Members want to ask.

If social sector tenants choose to continue to live in accommodation that is larger than they need, it is only right that they make a contribution towards the cost. They can meet any shortfall through employment or other means. Those are the sorts of everyday choices that people living in the private rented sector and those who are not getting housing benefit have to make every day.

Several hon. Members *rose—*

Mr Speaker: Order. It is clear that at the moment, the Minister is not giving way. It is for her to decide whether to give way. I gently make the point that it is now four minutes to 6 and the debate must conclude at 7. If Members were to have the opportunity neither to make their points through interventions nor through speeches, I would anticipate an extensive disappointment. I am sure that the Minister will factor that into her calculations in tailoring her contribution to the debate.

Maria Miller: I reassure you, Mr Speaker, that I will make the rest of my contribution very brief indeed.

The average weekly reduction is likely to be about £14. However, that is the average. Nearly 80% of claimants are under-occupying their accommodation by just one bedroom and will see an average reduction of about £12 a week. Working for just a few hours a week could help to meet that cost. The substantial investment that we are making in the Work programme and universal credit will ensure that people are supported in finding work, and that that work will pay.

We have listened to the concerns about the impact that these changes will have on specific groups, so we have committed to increase the budget for discretionary housing payments by £30 million from 2013-14. That additional money, which could help about 40,000 claimants, is aimed specifically at disabled people and accommodation for foster carers. We are working closely with a wide range of stakeholders to ensure that we have an effective implementation plan that will support tenants, their advisers and housing providers.

Ultimately, the country cannot afford to fund what is approaching 1 million spare rooms from the taxes of hardworking families, when those spare rooms could be used by other families who are living in overcrowded accommodation.

Derek Twigg (Halton) (Lab): The chief executive of Halton Housing Trust has written to me. He states:

"Based on existing turnover of smaller accommodation it will take over seven years to re-house all of those households who are under occupying their current homes."

He goes on to state that, in particular, it will affect

"homeless households and those leaving care."

Does the Minister really think that that is fair?

Maria Miller: That is why we are already working with local authorities to ensure that they are well prepared for the changes. We have discretionary payments in place so that local authorities can take account of such problems. We reject the Lords amendment.

I will now move on to the remaining amendments so that I do not incur the wrath of Mr Speaker. The other Lords amendments in this group are minor and technical or simply clarify policy. They have already been announced and I do not intend to go into any further detail so that there is more time for Members to contribute to this important debate.

Several hon. Members *rose—*

Mr Speaker: It is not entirely clear to whom the Minister is giving way.

Maria Miller: I've finished.

Mr Speaker: The Minister has finished her remarks. We are grateful to her.

Mrs Anne McGuire (Stirling) (Lab): I will not follow the same order as the Minister. I will deal first with under-occupancy, because rarely have I heard such a pathetic defence of a Government's position as I have heard here today. Their proposals are not based on fairness, and they are not intended to deal with the under-occupation of social housing. They are a bare-faced attempt to cut housing benefit.

6 pm

Frankly, even though the Minister spoke for three quarters of an hour and kept telling us that she wanted to make progress, I felt as though we were back in the 19th century given some of what she said. She talked about social tenants as though they were a breed apart. I noticed that she called them "these people". Many Members were once "these people" living in social housing, and some of us still are.

Mr Frank Roy: Will my right hon. Friend give way?

Mrs McGuire: Since the Minister did not afford my hon. Friend much opportunity, I will give way to him.

Mr Roy: I thank my right hon. Friend. What would she say to the 55-year-old man I met on Saturday, who has lived in his council house with his parents for 43 years and is now on benefit? He was genuinely frightened about the proposals being put forward. What can we say to that particular gentleman?

Mrs McGuire: That the proposals are unfair and are an attempt to disadvantage those who are already disadvantaged in many respects. They, along with some of the other elements of the Bill, are about to hit the poorest people.

I want to put on record the fantastic work of my hon. Friend the Member for Westminster North (Ms Buck), who is in her place. The Minister talks as though there were millions of houses out there ready for people to move into, but the Government do not know how many there are. They cannot even agree on what constitutes under-occupancy.

Several hon. Members *rose—*

Mrs McGuire: I will certainly not give way at the moment.

My hon. Friend the Member for Westminster North asked Ministers at the Department for Communities and Local Government what constituted under-occupancy, and they said that it was two spare bedrooms, whereas the Department for Work and Pensions has a far more restrictive interpretation.

Ms Buck: We know from the Government's own impact assessment that under-occupation is a problem particularly, but not exclusively, in the north of England, and that overcrowding is a problem particularly, but not exclusively, in the south. Local authorities have legal duties to their tenants, and if somebody from Salford is seeking to downsize, local authorities in Doncaster or Hull are not permitted to take them because of residency qualifications. Will my right hon. Friend help me to understand something that the Government have completely failed to explain? How will tenants be able to move from one local authority to another?

Mrs McGuire: Frankly, I do not think the Government know how. The DCLG and local authorities certainly do not know.

Several hon. Members *rose—*

Mrs McGuire: I want to make a little progress, and I also intend to leave some time for other Members to contribute.

I shall give the House an illustration of what I have said, for which I thank my hon. Friend the Member for Blyth Valley (Mr Campbell). Northumberland county council, which has a mixture of housing in various types of locality, has estimated that it will take eight long years before it can put in place the Government's proposals. During that time, people on the housing list will not be able to get into housing that is suitable for them.

Claire Perry: Will the right hon. Lady give way?

Mrs McGuire: No, I am not going to take an intervention from the hon. Lady just now.

Andrew Gwynne (Denton and Reddish) (Lab): Will my right hon. Friend give way?

Mrs McGuire: I will take one from my hon. Friend.

Andrew Gwynne: Does not what we have heard highlight the Conservative party's misunderstanding of how social housing operates in reality? As my hon. Friend the Member for Vauxhall (Kate Hoey) said, we are talking about people's homes. Even if they wanted to downsize, the housing stock is not there for them to move into.

Mrs McGuire: Exactly.

Claire Perry *rose—*

Mrs McGuire: Oh, to put the hon. Lady out of her misery, I give way.

Claire Perry: I am most grateful. On a point of clarification, I thought I heard the right hon. Lady say that Members of this House continued to occupy social housing. Does she think it is appropriate for MPs earning £64,000 a year to occupy social housing and, presumably, have lifetime tenancy over it?

Mrs McGuire: The hon. Lady has a philosophical misunderstanding about people's homes and houses. My mother lived in a local authority house all her life. She never thought it was anything other than her home. She did not see it as second class or inferior. She lived in it and it was right for her.

Sir Bob Russell: Does the right hon. Lady agree that successive Labour and Conservative Governments— *[Interruption.]*

Mr Speaker: Order. That is not acceptable. The hon. Member for Devizes (Claire Perry) should not shout across the Chamber, "My grandfather lived in a council house, you twit." She should apologise. Frankly, she and other Members need to calm down. There is a decorum to this place. I know the hon. Lady. She would not behave like that across the dinner table, and she will not behave like that in this Chamber. That is the end of it. I hope we have an apology.

Claire Perry: I apologise profusely, Mr Speaker.

Mr Speaker: Thank you. I call Sir Bob Russell.

Sir Bob Russell: Successive Labour and Conservative Governments from 1945 to 1980 built a massive supply of family council houses, but for the next 30 years, they did not. It is a question of supply and demand. Does the right hon. Lady agree that we need more affordable rented houses?

Mrs McGuire: I would not disagree with the hon. Gentleman. Housing was built in the 1940s and '50s to deal with the nuclear family that everybody knew at the time. The way in which families have developed, including the growth in the number of single-parent households, was not factored in. That goes for the social rented and private sectors.

Maria Miller *rose—*

Mrs McGuire: The hon. Lady definitely is not getting in—certainly not at the moment.

The hon. Member for Argyll and Bute (Mr Reid) said that there are communities in all nations of this country—smaller communities, but sometimes larger ones—where there is an insufficient supply of houses, which is very true. People might have lived in them all their lives and would be unable physically to move.

Dr Whiteford: The hon. Lady makes an extremely important point. This problem is not isolated to Argyll and other island communities. In Scotland, 44% of social tenants need a one-bedroom house, yet only 24% can have one. That is the fundamental nature of the housing stock in the whole country.

Mrs McGuire: The hon. Lady makes a valid point.

Maria Miller: Will the right hon. Lady give way?

Mrs McGuire: All right then.

Maria Miller: I thank the right hon. Lady. It is very gracious of her to give way so that I can clarify matters. She will obviously be aware of the new national home swap scheme, which, importantly, will help people to identify housing in other areas, which is what she is talking about. We are also providing funding to councils of some £13 million over the next four years so that they can support under-occupying tenants who wish to move.

The right hon. Lady will also know that there is a great deal of commitment from the Government in terms of helping to build affordable housing: some £4.5 billion will help to deliver up to 170,000 new affordable homes. Those are all ways in which we can make the sort of changes that she wants. Just to clarify, as a lady who was born in a council house—

Mr Speaker: Order. This really is an abuse. It is a novelty, in my experience, for a Minister to intervene from the Front Bench reading from a folder. That really will not do. Interventions should be brief, and it would be good if the House—both sides—could get back into the courteous mood in which it found itself yesterday and for part of today.

Mrs McGuire: I listened to what the hon. Lady said, but she has obviously had no experience of trying to arrange a mutual swap in a small local authority area. We will have not only mutual swaps in small local authority areas, but national swaps, all supported by some anonymous Government agency. Frankly, the hon. Lady is living in cloud cuckoo land.

Mr Watts: Will my right hon. Friend encourage people to consider judicial review, because they are being asked to move to smaller accommodation that does not exist, on which basis the Bill is a fine on benefits and a fine on some of the poorest people in Britain?

Mrs McGuire: My hon. Friend makes a very good point and no doubt he will pursue it outside this House.

Before I move on, I want the House to hear what Lord Freud said in the other place when asked about how people would cover the reduction in rent. The Minister glibly passed over it, saying that it was only £12 or £14 on average. Lord Freud said:

> "Claimants affected by this measure will have to decide whether to meet any shortfall themselves—from their earnings for example, or they could take in a lodger, or someone they know, to fill the extra bedrooms."—[*Official Report, House of Lords*, 18 October 2011; Vol. 731, c. GC72.]

How many times does the Government expect people to take lodgers into their family home? Will social landlords even allow lodgers to be taken in, because in my experience they do not allow it? I see the Liberal Democrats are nodding. Ministers also need to make it clear whether rent received in such circumstances would be taken into account in benefit calculations. They are putting people in an unbelievable bind.

This proposal is ill thought-out and will not achieve its aims. It is predicated on an assumption in the impact assessment that will not work. It will push the poorest people, including those who are working—we should not forget that this is an in-work benefit—into even greater disadvantage. It will force social landlords to take eviction action if people end up in arrears. In other words, it is a disaster of a policy, and we should support the Lords in these amendments.

Mark Durkan (Foyle) (SDLP): As well as the socially disastrous consequences that my right hon. Friend has mentioned, does she recognise that under the parity principle this measure would have to be transposed to Northern Ireland? Particular difficulties will be caused in relation to access to social housing in the future and to the demands for new social houses that are benefit-sized to be built in particular locations. Given the geo-sectarian tensions in parts of Northern Ireland, it could be a factor for destabilisation, with certain communities being seen to be punished for their current demographic status.

Mrs McGuire: My hon. Friend has highlighted exactly why this particular proposal has been ill thought-out.

Anna Soubry: Will the right hon. Lady give way?

Mrs McGuire: No, I do not want to take up as much time as the Minister. I shall move on to the Child Support Agency—

Anna Soubry: Will the right hon. Lady give way?

Mrs McGuire: I have made it perfectly clear that I am not giving way: I am moving on to the subject of the CSA.

The Government should never have brought forward this proposal, although I welcome the Minister's statement today that they have reduced the fee. Why they put everybody through the anxiety of putting a fee—

Anna Soubry: Will the right hon. Lady give way?

Mrs McGuire: I have not really said anything about the CSA yet, so if the hon. Lady could just be patient—

Anna Soubry *rose*—

Mr Speaker: Order. Let me just make it clear. It is obvious that the shadow Minister is not giving way at the moment. On the Government side, during my time in the Chair since 5.30, there was a preference—on the whole—not to give way to Opposition Members and that is now being replicated by the right hon. Lady.

[Mr Speaker]

Members may make what they like of that, but there is nothing disorderly about it. It is no good people yelling from a sedentary position to express their frustrations. They must try to contain those frustrations, which I notice the hon. Member for Devizes (Claire Perry) is now successfully doing.

Mrs McGuire: Thank you for your wise words, Mr Speaker.

We welcome the reduction that the Minister announced today, and for the record, we welcomed in the other place the additional funding of £20 million that was going to be put in to encourage—

Anna Soubry: On a point of order, Mr Speaker. Could you help me? If a Member asks a question of the whole House, how does one respond to that question other than by asking that Member to give way?

Mr Speaker: The hon. Lady is asking me to speculate about a hypothetical. We could probably have a seminar about the matter, and it might be instructive. There could be a time for that, but it is not now. I feel sure that the hon. Lady has raised not a point of order, but a point of disappointment.

Mrs McGuire: I always hate to disappoint Tories, Mr Speaker.

The Minister mentioned some concessions, but it remains an unfair imposition on parents with caring responsibilities to make them pay a fee to obtain, in her words, a calculation of what they may be entitled to. The Government are always keen to say that people should do the right thing, but what happens when they try to do the right thing and adopt a collaborative approach? Frankly, all the evidence shows that a collaborative approach is often the last thing that people can get when a marriage breaks down—all sorts of issues to do with personalities, emotions and children being part of the bartering process between two parents make that almost impossible.

6.15 pm

The Minister was a bit dismissive of some of her colleagues in the House of Lords. I want to come back to them in a moment. If the Minister gets the opportunity to wind up, will she tell the House where the Government got the figure of £25,000 from? That, apparently, is the cost to the taxpayer of each case. I cannot find the source for that figure. If we divide 1,142,600 cases into £450 million, which is how much it costs to run the CSA, we get an annual cost of £393.90. So where on earth does the £25,000 figure come from? I would be interested to know.

Members of the House of Lords did not just object to the amount of money to be paid; they objected on the basis of the principle that if a parent with caring responsibilities was entitled to maintenance for the children or child whom they looked after, they should get that support. An array of Conservative Members of the House of Lords have asked the Government to change their mind: Lord Carrington, Lord Fraser of Carmyllie, Lord Howe of Aberavon, Lord Jenkin, Lord Lawson of Blaby, Lord MacGregor, Lord Mackay of Clashfern, Lord Mawhinney, Lord Mayhew, Lord Newton and Lord Wakeham. I remember the '80s, and I do not think that any of these people were fully paid up members of the liberal tendency. Yet they have all asked the Government to change their mind on the point of principle. I hope, then, that we get something more than what we heard from the Minister tonight. This is a ridiculous provision that, frankly, should not have been in the Bill in the first place.

Now we come to disabled children. This is the cut that even the Prime Minister did not want to admit to. My hon. Friend the Member for North Ayrshire and Arran (Katy Clark) again asked about it today, and again the Prime Minister refused to recognise the reality. I particularly congratulate the Lords on dealing with this issue and not running away from it, because it would have been easy for them to put this matter to one side after they were defeated by two votes on 12 December. But they did not. They returned to it last night and voted to challenge the Government on the cuts to the disabled children allowance.

The Minister has been clever with her statistics but according to Every Disabled Child Matters, the loss under the new system could amount to as much as £22,000 during the childhood of a disabled child and will cost the parents of a disabled child nearly £1,400 a year, and approximately 170,000 families will have this benefit frozen from 2013. I admit that there are transitional arrangements, but I have never come across a piece of legislation with so much sticking tape—there are reviews here and transitional arrangements there. This is not a strategy; it is a dog's mess.

Every Disabled Child Matters estimates that approximately 63% of all future disabled children will lose out as a result of this policy. The Minister is an honourable woman and has tried to be gentle with the House today by using fine words about how this will not mean one thing to children and will mean another thing, but the reality is that in order to pay the most severely disabled children an extra £1.75 a week, children who are not as disabled—I use those words advisedly—will lose their benefit. We are talking about children who, for the most part, do not have night-time care needs. Typically, they include children with Down's syndrome or cerebral palsy, and children who are profoundly deaf. In future, disabled children will not receive any benefit from the transitional arrangements; indeed, any disabled child born after 2013 will access significantly less support.

I appeal to Members, particularly Liberal Democrat Members. I hope that they will look at what their colleagues supported in the Lords. In fact, I even appeal—although not very much—to some Conservative Members to look at what their colleagues in the Lords did. This is an amendment to be supported. It is about decency, about disabled children and about the support that families who are at the hard end of looking after disabled children deserve to receive. I hope that this House supports the amendment.

I said that I would not speak as long as the Minister, but I want briefly to draw the House's attention to Lords amendment 77. At the end of the last day on Report, the Government secured an amendment to the Bill that, on closer examination, significantly weakened obligations that had been placed on them by the previous Government's Child Poverty Act 2010. That amendment replaces references to "progress" in the 2010 Act with

much weaker language about "measures". Child Poverty Action Group, among others, points out that that is, in effect, removing the duty to achieve any progress towards meeting the targets before 2020. I hope that we do not lose sight of that.

I have tried—in a shorter time than the Minister—to set out some of the issues that have been raised in recent weeks. Labour Members feel very strongly about those issues because they impact on the poorest, those who are most disadvantaged and those who have been demonised because they live in socially rented housing, and because they do not take into account the fact that children at the age of 14 or 15 might require a bit of extra room and do not all need to be decanted into a tiny box of a flat. I appeal to the Government to consider seriously what is being proposed today, and to support the Lords amendments rather than disagreeing with them.

Andrew Percy: I notice that the shadow Minister commented on how she felt the Minister had performed. I would describe her own performance as a little bit chippy, but that is not to say that she did not make a few good points. Many of us on this side of the House have had similar experiences to those on her side. [HON. MEMBERS: "Hear, hear."] I like her a great deal, but for her to talk about Conservative Members in the way she did—to intimate that they are in some way detached from humanity—not only does her a great disservice, but does the debate in this House a great disservice. [HON. MEMBERS: "Hear, hear."] That is not to say that the right hon. Lady did not make a good few points, which I will come on to in a moment—I notice that the "Hear, hears" have stopped on this side of the House.

I want to speak about Lords amendment 73 and then say a little something about under-occupancy. I think all of us who have dealt with the Child Support Agency know that it is a body that is not fit for purpose. The example I gave to the Minister the other day—a close family member of mine is going through this at the moment—concerns an errant partner who is being chased more aggressively, and successfully, for his parking fine than for the maintenance of his own children. It seems that the system is currently based entirely on conflict. We need to do something to address that. I agree with everything that the Minister said—and with her intention—about encouraging people to come to their own arrangements. However, I am a little concerned in that I do not necessarily think that, for a lot of people, levying a £20 charge—or any charge—against what will normally be the mother is likely to effect that change.

We have all seen cases where communication has completely broken down and where the errant parent—normally the father—is doing everything they can to avoid having to pay, particularly if they are self-employed, because the system seems to assist self-employed parents in avoiding their responsibilities. I am not sure that imposing a charge on—normally—the mother is likely to change that situation greatly or effect the cultural change that I think we all want.

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): Does the hon. Gentleman accept that the Minister was unable to give us any indication of the cost of collecting the £20 charge? Is it not clear that the cost of collecting and banking it will far outweigh the moneys received? The proposal is therefore vindictive, rather than anything else.

Andrew Percy: I am quite relieved that the Minister did not give us an estimate of the costs, because most Government estimates of costs tend not to be correct anyway. The hon. Gentleman has made his point, however, and it has also been made by Members on this side of the House. I welcome what the Minister has said about the £20 charge; it proves that he has listened.

Yvonne Fovargue: I accept the hon. Gentleman's welcome of the reduction in the charge, but does he agree that the proposed collection charges do not seem logical? It is difficult to see the logic in making a family in need of child maintenance pay the cost incurred by the non-resident parent's resistance to paying that maintenance.

Andrew Percy: That is exactly where I am coming from on this issue; I agree with the hon. Lady.

In closing my comments on this amendment, I will quote Lord Mackay, who said in the other place:

"The motivation of the Government for these charges is said to be trying to bring people to voluntary arrangement. I am entirely in favour of that."

I would be, too. He continued:

"But if that proves impossible, when the woman is at the stage of having nothing more that she can do, she has to pay. What does that do? If anything, it might make her not go to the Child Support Agency".—[*Official Report, House of Lords*, 25 January 2012; Vol. 734, c. 1092.]

Several hon. Members *rose*—

Andrew Percy: I will not give way at the moment—

Anna Soubry *rose*—

Andrew Percy: I will give way to my hon. Friend, as she was denied earlier.

Anna Soubry: I am grateful to my hon. Friend, who is as gracious as ever. There is much merit in what he says about a woman who is on benefit chasing a father who is, frankly, not up to scratch. Although £20 is a lot of money for someone in those circumstances who is on benefit, does hon. Friend agree that, if the woman is guaranteed a system that is fit for purpose, there is merit in that small charge being excised on her because eventually she and, most importantly, her children will get what they deserve?

Andrew Percy: We all want to achieve a service that is fit for purpose, but I am not sure that the charge is about delivering such a service. It will certainly not cover the cost of so doing. It seems to be more about effecting a cultural change, and I do not believe that charging the mother £20 will effect such a change. It would therefore end up being a tax on the mother who is trying to get money from an errant father. That is why I have a bit of a problem with the principle.

Mr Watts: Will the hon. Gentleman give way?

Andrew Percy: I will not give way at the moment, as I want to say a little something about under-occupancy, and a lot of people want to speak in the debate.

I listened to the debate about under-occupancy, and I am sorry that it turned into such a knockabout. There is significant under-occupancy in parts of the area that I represent. In my time as a councillor in the city of Hull,

[Andrew Percy]

I represented a big council estate on which there was a huge amount of under-occupancy, which was largely, but not entirely, due to older people. Dealing with the matter is not as simple as just talking about housing swaps. I have tried to arrange housing swaps for constituents within the local authority, never mind outside it, and it is incredibly difficult. One party often gets cold feet and pulls out of the arrangement, for example. It is not easy to achieve at all.

That does not mean that we should do nothing about the problem, however. The point made by my hon. Friend the Member for Aberconwy (Guto Bebb) was interesting in this regard. We talk about under-occupancy figures, but we must also consider the figures for over-occupancy.

Katy Clark (North Ayrshire and Arran) (Lab) *rose—*

Sheila Gilmore *rose—*

Andrew Percy: I will not give way; I want to finish in a moment.

When I was a councillor, a lady came to see me. She had inherited a house from her parents. It was her home; she had lived in it with her parents all her life. She would now be considered to be under-occupying that home. I am sure that the Ministers understand this, but I plead with them to take account of the fact that houses are not only public assets; they are also people's homes, and people have an attachment to them. This is not a simple matter to resolve, even though we should encourage an end to under-occupancy.

Sarah Newton: My hon. Friend is right to say that houses are also people's homes. Does he acknowledge, however, that the tenants of housing associations and local authorities are able to rent out their rooms?

Andrew Percy: I am not sure that that is really the strongest argument to plead in aid of change.

These are people's homes, but we must do something about under-occupancy. My local authority attempted to put a scheme in place to deal with the problem. We moved my grandma out of a bigger house into a small housing association home because it suited her, and it was done at the right time for her. Speaking from my experience as a local authority councillor in an area where under-occupancy is a problem, however, I can tell the House that this is not going to be an easy one to solve.

6.30 pm

Malcolm Wicks: It is a pleasure to follow the hon. Member for Brigg and Goole (Andrew Percy), and I shall echo some of his remarks on the child maintenance charge.

I have been privileged to be a Member for 20 years, and I have noted that the issue of child maintenance and child support has been a running controversy and a running sore through Parliament and Government during that whole period. I shall briefly remind the House of the background. While there have, of course, always been children in this and similar countries brought up by only one parent—war widows after the first world war would be an obvious example—it is nevertheless true that in the post-war period there has been a kind of social revolution whereby very significant numbers of children spend either a proportion or all of their childhoods living—usually with their mum but sometimes, in a minority of cases, with their father—in so-called one-parent families. That is about divorce, which remains at a high level; it is about separation—and cohabitation is more likely to lead to separation than marriage; it is about the fact that many children are born "out of wedlock", to use a quaint term, and live with a single mother.

This has been a major contributory cause to what we call child poverty, which interfaces with economic insecurity. I think that Parliaments and Governments have found it more difficult to grapple with and honestly discuss family insecurity than economic insecurity caused by low wages or unemployment. As I say, Governments have found it difficult. The old maintenance system, which was run by the courts, did not work: it delivered low levels of maintenance or no maintenance to many mothers and children.

The previous Conservative Government established the Child Support Agency—I think they were right to do so—but many former Conservative Ministers bear the scars of trying to make it work. They did not make it work effectively for all children. That was not because of incompetence—there were computer problems and the rest—but because this is one of the most difficult areas of government. It is the state—perfectly properly, in my judgment—trying to mediate during the pain, anger and passions of family breakdown, when issues of access and custody are also present. Although the old Child Support Agency had some successes, it never succeeded in getting maintenance from those fathers—yes, I know, sometimes mothers, but I am going to talk about fathers—who absolutely refused to fulfil their parental obligation and support their own children.

The last Labour Government tried to improve the situation and they might have done to some extent, but if we are honest about this—I am not normally one who tries to take the politics out of politics; otherwise I would have to join the Liberal Democrat party—some humility is justified in this case. For getting on for 20 years, Governments of left and right have failed to tackle this issue adequately. We really need to point again at the sheer scandal of there being too many parents out there who refuse to support their own children financially. That is the reality.

When I intervened on the Minister—it was good of her to give me the statistics—she said that among these families half, fully half, are not receiving child maintenance. What does that mean? It means either that the children are living in relative poverty and/or that other mums and dads in the community, whom we call taxpayers, are being asked in difficult economic circumstances to support not only their own children but other people's children as well. What I am leading up to is to ask whether the idea of a charge to be able to use the system helps or hinders that process.

I do not think I am against a charge per se. Given that taxpayers have a stake in this, as well as, usually, the mother or "the parent with care" to use the awful jargon, and the child—they are the parties that have an interest in this—I am not against the taxpayer in a sense benefiting through proper payment of maintenance. We

could discuss how that might come about; but if there is to be a charge, as was argued by my right hon. Friend the Member for Birkenhead (Mr Field), why should it not be levied when the flows of maintenance are coming to the mother and benefiting the child? Why should a fee be charged immediately rather than later in the process? I think that many Members would agree with that, but perhaps the Minister would like to comment.

Maria Miller: I thank the right hon. Gentleman for allowing me to answer his question. Fees and charges have been inherent in the child maintenance system from the start, since 1991. As he knows, his own party advocated the use of fees when it was in government, as indeed did Sir David Henshaw. Why? Because charging fees is a way of trying to get people to take responsibility. If that is done up front before an individual gets into the system, we are more likely to effect the behavioural change that I think is so important.

Malcolm Wicks: In general, it is the mothers of Britain—sometimes it is the fathers with care, but it is generally the mothers—who have taken on huge responsibilities. It is the parent who does not pay who is the irresponsible party, and who reneges on his duty to care for his own children. I want a system that can be tough-minded about the fathers who refuse to pay. They are often self-employed, and have become deliberately self-employed. The mothers often know where they live. A mother will have heard about the new person in the father's life, about the fancy car outside the house, about the foreign holidays—yet the system has failed to make those fathers pay. Let me put the question to the Minister again. Will a charge help in those circumstances?

Many mums will know that the Child Support Agency, or whatever we choose to call it, does not work. We want to make it work, but people say, "My friends didn't get anywhere." Only recently I discussed with the Secretary of State the case of one of my constituents who, throughout the lifetime of four children, never received any maintenance. That person thinks that the system does not work. I want it to work, but if some mothers are deterred from using the system, it will be a failure.

This should not be a big party issue, and I hope that the Department will reflect again on when the charge might be levied.

Mr Peter Lilley (Hitchin and Harpenden) (Con): I support my hon. Friend the Minister on the issue of the Child Support Agency, but I want to make a brief observation on the housing benefit issue. My constituency might be wholly different from those of the Members who have spoke so far, but the overwhelming majority of the cases I deal with at my surgery involve people who want additional rooms because they have growing families or families who are becoming older. If this charge causes some people to want to downsize, that will help to strike a balance, but at present I do not encounter people who want to downsize.

Several hon. Members *rose—*

Mr Lilley: Members will have an opportunity to make their points later in the debate. I am merely saying that in my constituency—

Mr Watts: Will the right hon. Gentleman give way?

Mr Lilley: I will.

Mr Watts: I am grateful.

How are people supposed to downsize when such properties do not exist? Is it not a disgrace that the House is legislating to ask people to do something that they cannot do?

Mr Lilley: What I am saying is that in my constituency I encounter people who have no spare room but want one, not people who have a spare room and want to give it up. The situation may be different in the hon. Gentleman's constituency.

Let me now move on the point that I really want to make, which relates to the Lords amendment dealing with Child Support Agency charges. I am reluctant to discuss the Child Support Agency, as I was the hapless Secretary of State who had to introduce it after it was legislated for by my predecessor. Discretion being the better part of valour, I always delegated the matter to my hon. Friend the Member for North East Bedfordshire (Alistair Burt), whose emollient manner proved the text in Proverbs that a soft answer turneth away wrath. I kept as distant from it as I could.

Mr Nuttall: Will my right hon. Friend give way?

Mr Lilley: I will not, if my hon. Friend will forgive me.

I am also reluctant to take issue with the Lords unnecessarily. When I was Secretary of State for Social Security, I found that from time to time the Lords would propose amendments to legislation that I had introduced. At first I was shocked that anyone could think that my legislation could be improved in any way, but when I listened to what was said by the Lords in general and the bishops in particular, I usually found that it contained an element of truth. There was something worth listening to, even if I could not take on board everything that they proposed. I welcome the fact that my hon. Friend the Minister has listened to them, has modified the charging structure, and has taken their points on board. However, she is probably right not to adopt the whole principle of what the other place suggests.

I am not entirely persuaded of the Lords' case, because I think that it is right in principle to charge for a costly service, and it is right that the people who principally benefit from it should pay an element of it in the form of a charge, rather than our leaving the entire cost to the other party or the taxpayer. It is right in principle, too, that wherever possible we encourage voluntary agreements, rather than reliance on state-funded bureaucracy, because voluntary agreements, where possible, are better, and because that reduces the load on an over-extended bureaucracy that has never been able to cope with the load that it has; it is better that it focuses on the most obdurate cases.

It is right in principle to charge both parents, as it is not possible, even though their lordships' amendment implies that it is, to distinguish who is the goody and who the baddy.

Kate Green: Will the right hon. Gentleman give way?

Mr Lilley: I will let the hon. Lady make her own points in due course. We may reach our own judgments on who is right and who is wrong, but we cannot make the agency decide that. Both parents will benefit from an arrangement reached by the CSA, and it is right that it should make that arrangement.

I noticed that there were an awful lot of lawyers on the voting lists in the House of Lords. Lawyers do not say, "We won't charge you if you're right; we'll only charge you if you're wrong. We won't charge you if you're the aggrieved party; we'll only charge the other party." They should accept that similar rules apply to charging by the CSA.

Finally, as the right hon. Member for Birkenhead (Mr Field) said, now that child support is an addition to a family's income, rather than it simply being about getting back the taxpayers' money—I am not sure that it was right to make that move—it is sensible that there should be a charge to the beneficiaries. On balance, I think that my hon. Friend the Minister was right to make the modest concession that she did to her lordships, but to stick to the principle; I am glad that she has done so.

Kate Green: I want to make a point on child support, and a point on the Child Poverty Act 2010 and the change that the Government are planning to make to it.

I point out that there is an inequality of bargaining power, particularly in a high-conflict situation, which means that parents with care—usually women—do not have a choice on whether to arrive at a consensual agreement. In practice, women in particular will settle for little or nothing for the sake of a quiet life because they cannot afford the fee. I particularly take exception to the idea that a parent with care who has done everything possible to reach a voluntary agreement, but who meets with a resistant, recalcitrant non-resident parent, will have to pay a fee when it is absolutely no fault of hers that she and, more to the point, her children do not get the financial support that they should.

The right hon. Member for Hitchin and Harpenden (Mr Lilley) says that it is right that those who benefit from or seek to access the service should pay a fee, but it is children who are intended to benefit from a statutory system of child support. Is it right that money intended for children should be hypothecated in that way?

The right hon. Gentleman and the Minister seem to believe that it is impossible for the child support system to take a view on which parent is at fault, but in clause 138 of the Bill, that view is taken by the system, because access to the collection service is being limited to cases in which the commission has decided that maintenance will not otherwise be payable. If it is possible for the commission to make that assessment and to determine that there is no prospect of the non-resident parent making payment, how can no view be taken on whether efforts have been made to receive a voluntary payment or not?

The majority of lone parents are women and women are already typically worse off after separation or divorce whereas men are better off. The fact that those parents will now be hit with a further fee as there will be both an up-front fee and a fee for collection when that collection fails—although I welcome the fact that the fee has been cut to £20, I would like to see it at zero—means that those families on low incomes will be left with very little income.

6.45 pm

Maria Miller: How does the hon. Lady suggest that the agency should decide which parent stood in the way of an agreement? Would she take the same view as was taken in the debate in the other place, which is that it would always be the non-resident parent's fault that an agreement was not in place?

Kate Green: The point is that a system is being established whereby the parent with care must access the system. There will be a discussion at that point about the process by which that approach to the agency is made. There is no difficulty at all at that point in taking a decision about the responsibility and behaviour of the parent making that application. I cannot understand why the Government think that it is perfectly okay for other officials in the DWP to make decisions on whether people are making appropriate efforts to make themselves available for employment, but not for a decision to be taken on whether a parent has properly engaged in a process of seeking to reach agreement with a non-resident parent.

I also want to speak briefly about the Government's proposal to amend the obligation on the child poverty target under the Child Poverty Act. The current obligation is for the Government to report on the progress that must be made to achieve child poverty targets—targets to which every party in this House has signed up. There will now be a far weaker requirement simply to report on proposed measures. In other words, there will be an obligation on the Government to report on what they might or might not do, but absolutely no obligation to report on whether it works or on what difference it makes. That undermines what lies at the heart of the Act, which was a genuine wish across the House in the previous Parliament to see real progress in bringing down child poverty and for every politician in this House to be accountable for that outcome.

I very much regret such a weakening of the Child Poverty Act. In future, the Government could legally produce a child poverty strategy that makes no reference to the number of children in poverty—an extremely important measure in driving progress—and has no clear goals for how the proposed actions will reduce that number. When the independent Institute for Fiscal Studies suggests that the cumulative impact of the Government's welfare reforms on other measures will be to drive up child poverty between now and 2015 and onwards to 2020, one has to wonder whether the proposal is not a rather cynical and calculating step on the part of the Government to wriggle out of an obligation that they know they are not on track to meet.

Jenny Willott: I want to speak quickly on under-occupancy and the Child Support Agency.

The main concern on the Liberal Democrat Benches about under-occupancy and the housing benefit proposals—as hon. Members have heard from a couple of my colleagues and from Members on both sides of the House—is about the impact on rural areas and, in particular, the Scottish islands. There is also a concern about urban areas where an active allocation policy has

meant that families have been given larger houses in areas that are less popular. I appreciate that it is difficult to lay out in legislation the need to ensure that tenants are offered appropriate alternative accommodation, but it is important that we ensure that when alternative offers are made they should take into account issues such as family and support networks, which are particularly important in helping people to get back into work. Offers should also take into account the distance people will have to travel, how that will relate to the communities, the lack of public transport in rural areas and so on, as well as where people are working and how easy it is for them to commute if they are required to move.

I understand that the Government will be doing that through discretionary housing payments, but I would be grateful if the Minister would ensure that guidance making those elements very clear is provided for local authorities. I know that discretionary housing payments are ring-fenced, and that is extremely important, but it is also important that general rules taking into account a sensible approach of looking at community links and the availability of alternative accommodation, or lack thereof, are applied across the country.

Sheila Gilmore *rose—*

Jenny Willott: I am not going to give way.

Another concern is that it will take a while to move people and for accommodation to become available. Registered social landlords are concerned to know how long the process will take, so that they can enable a managed process. While that happens, there will be an impact on their income as arrears are likely to build up before alternative accommodation becomes available. Some RSLs have done work on this, including Riverside housing association, which is based in Merseyside. It has calculated that it will take it at least three years to move everybody around. *[Interruption.]*

Madam Deputy Speaker (Dawn Primarolo): Order. I am having some difficulty in hearing the hon. Lady because of all the private conversations going on in the Chamber during this important debate. If hon. Members want to have private conversations, perhaps they could step outside the Chamber.

Jenny Willott: Thank you, Madam Deputy Speaker.

Will the Minister look at what an appropriate time frame would be and how long it is likely to take housing associations to move people around properties? Will she ensure that discretionary housing payments are available throughout that period so that people do not receive a large cut in their benefit while they are waiting for alternative accommodation to become available? This is a difficult issue and I know that the Government have made provision for those living in adapted accommodation and for foster carers.

Maria Miller: I just want to reassure my hon. Friend on a couple of points. First, we intend to commission an independent evaluation of the impact of the size criteria measure, which will give her some of the information and reassurance she seeks about the impact of the changes. We will also be providing funding of £13 million to councils over four years until 2015-16 for support to tenants who wish to move.

Jenny Willott: I thank the Minister for that useful information, which answers in part some of the questions I was going to ask.

It would be helpful if the Government kept an eye on progress. Certain money has been put aside for adapted properties, foster carers and so on, but it would be useful to know that if other vulnerable groups or particular parts of the country are identified as a particular problem, the Government would ensure that that was taken into account in the future allocation of money and in how they look at the impact of the policy on households.

On the Child Support Agency, there is a problem with up-front costs, particularly with the gap that was originally in the proposals between the amount required from those who are working compared with that required from those on benefits. I therefore welcome the Government's announcement today that they are reducing the fee to £20, which will make a significant difference for a lot of households. Now, we just need to make sure that the service being provided is worth the up-front fee, which frankly it has not been in the past. I hope that we will see some progress in this area so that people will feel they are getting something for their money.

The Minister knows about a particular concern of mine, which I want to raise again today. I still have serious concern about the closing down of old cases and their transferral to the new system. I am sure that all MPs have had people come to see them in surgery with cases in which an irresponsible non-resident parent will not pay, plays the system, refuses to support their own children, and takes years to pin down until a deduction of earnings order in finally put in place. I am concerned about the impact on children of cancelling those orders and making the parent with care start the entire process again, not least because of the difficulties many have had with the CSA in the past and the lack of faith they have in the system. I would be grateful if the Minister would ensure that those cases were prioritised to ensure that when they are transferred to the new system they are properly monitored so that payment keeps flowing as much as possible and that if payment must stop it is only for a very short period so that huge arrears cannot build up, because those cases are the most likely to have a background of large arrears already.

Mr Watts: Will the hon. Lady give way?

Jenny Willott: I will not I am afraid.

This group of amendments is very varied and we have had a wide debate this afternoon. The Government have made improvements to the Bill, which I welcome, particularly those to the CSA fee. I hope that the Minister will take into account the points that my colleagues and I have raised, particularly on the issue of housing under-occupancy, which is probably the issue of most concern to us in the Bill. So far, I have found that Ministers have listened and taken concerns on board, and I hope they do that today because the Bill is in a much better state now than it was at the beginning of this process.

Yvonne Fovargue: I, too, would like to address the issue of under-occupancy and say that the concerns of my local housing department, Wigan and Leigh Housing, are so strong that we have been in correspondence with

[Yvonne Fovargue]

Lord Freud. There are very few one-bedroom properties, private or council, in my local area, and it will take eight to 10 years to move the 1,450 to 1,800 people who, on the estimates, might want to downsize. During that period, it is estimated, on Lord Freud's own research, that 35% of those people— *[Interruption.]*

Madam Deputy Speaker: Order. I am sorry to interrupt the hon. Lady, but I did ask Members of Parliament who wish to have private conversations to leave the Chamber, because those conversations are disrupting the debate. This is the second time of asking. Please listen to the debate.

Yvonne Fovargue: During that time, 35% of those involved are likely to end up in arrears. That is 2,540 residents, and 83% will struggle to find the extra money. A total of more than 6,000 people will find difficulty in meeting their commitments, on top of the increases in food and fuel prices, and the fact that the Government have imposed rent rises of 8% for 2012-13. What are the Government going to do? I hear the Minister say that discretionary payments will be provided until 2014, but that is not the eight to 10 years that my association says it will take for even the people who want to downsize. That association is extremely concerned that the burden will be pushed on to housing benefit, even when people move, and that hard-pressed local authorities will have even more problems.

Jeremy Lefroy (Stafford) (Con): Briefly, I want to make three points about under-occupancy and disabled people. First, I welcome the Minister's announcement of funds to ensure that disabled people and other special cases are given the help that they need in transition. The other points that I want to make both arise from a constituent's coming to see me. This particular family has four members, with two disabled people within it, and it needs four rooms. From the outside, someone might say that parents and two children need two or three rooms, which would give them one spare room. Absolutely not: in this case, every single room was needed, and the family was concerned that under the legislation they would be told that they had a spare room and be forced to move. I would like some reassurance on that point—that where people need all the rooms because of disability, certain rooms will not be considered spare, even if the family being of such a size might otherwise justify that decision.

Maria Miller: I can reassure my hon. Friend that if a disabled person has the need for an overnight carer, additional rooms can be allocated. Indeed, if there are disabled people in the house who require rooms, there will be clear support there for them to be able to have those rooms.

Jeremy Lefroy: I thank the Minister for that reassurance. On my second point, as hon. and right hon. Members know, many homes have had thousands of pounds spent on adaptations, and rightly so, for disabled people. It would not make a great deal of sense to ask people to move from a home that had had such adaptations into another home, where making such adaptations would cost plenty of money. Also, in the first home, the adaptations might have to be removed. Again, I ask for reassurance that common sense will prevail.

Roberta Blackman-Woods: If ever a piece of legislation was to demonise and penalise people who live in the social rented sector, this Bill is it, and I have listened to the debate today. My local authority in Durham has written to me to say that many thousands of families will be affected by the under-occupancy provisions, and both the local authority and the housing associations have written to say that they simply do not have enough alternative suitable housing and that it will take many years to re-house people. That means that tenants, who are already on low incomes, will have no alternative but to pay an additional sum of money—up to £50 a month—that they simply cannot afford or move into smaller, private rented accommodation if it is available, and in places like Durham it is not available.

The point that the Government must take on board is that if those people go into smaller and more expensive accommodation, that will have to be paid for from housing benefit in any case, so the whole policy is an absolute—

7 pm

Debate interrupted (Programme Order, this day).

The Deputy Speaker put forthwith the Question already proposed from the Chair (Standing Order No. 83F), That this House disagrees with Lords amendment 1.

The House divided: Ayes 324, Noes 255.

Division No. 458] **[7 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward

Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sanders, Mr Adrian
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mr Shailesh Vara and Jeremy Wright

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta

Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watson, Mr Tom
Watts, Mr Dave
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Yvonne Fovargue and Susan Elan Jones

Question accordingly agreed to.

Lords amendment 1 disagreed to.

The Deputy Speaker then put forthwith the Questions necessary for the disposal of the business to be concluded at that time (Standing Order No. 83F).

Clause 11

HOUSING COSTS

Motion made, and Question put, That this House disagrees with Lords amendment 2.—*(Maria Miller.)*

The House divided: Ayes 310, Noes 268.

Division No. 459] **[7.15 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve

Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Hendry, Charles
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Horwood, Martin
Howell, John
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather

White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mark Hunter and Jeremy Wright

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brooke, Annette
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Crockart, Mike
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Field, rh Mr Frank
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
George, Andrew
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hancock, Mr Mike
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Henderson, Gordon
Hendrick, Mark
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leech, Mr John
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Mulholland, Greg
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Percy, Andrew
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robinson, Mr Geoffrey
Rogerson, Dan
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Russell, Sir Bob
Sanders, Mr Adrian
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Swales, Ian
Tami, Mark
Thomas, Mr Gareth
Thomberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Ward, Mr David
Watts, Mr Dave
Whiteford, Dr Ellidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williams, Mr Mark
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David

Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Yvonne Fovargue and
Susan Elan Jones

Question accordingly agreed to.
Lords amendment 2 disagreed to.
Lords amendment 3, 4 and 26 disagreed to.

Clause 131

STATE PENSION CREDIT: CARERS

Motion made, and Question put, That this House disagrees with Lords amendment 73.—*(Maria Miller.)*

The House divided: Ayes 318, Noes 257.

Division No. 460] **[7.30 pm**

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Barker, Gregory
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Chope, Mr Christopher
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Cox, Mr Geoffrey
Crabb, Stephen
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorrell, rh Mr Stephen
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evennett, Mr David
Fabricant, Michael
Farron, Tim
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Fox, rh Dr Liam
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Garnier, Mark
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hendry, Charles
Hinds, Damian
Hoban, Mr Mark
Hollingbery, George
Hollobone, Mr Philip
Holloway, Mr Adam
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lancaster, Mark
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Lefroy, Jeremy
Leigh, Mr Edward
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Brandon
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lilley, rh Mr Peter
Lloyd, Stephen
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Mercer, Patrick
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Munt, Tessa
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newton, Sarah
Nokes, Caroline
Nuttall, Mr David
O'Brien, Mr Stephen
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Pugh, John
Raab, Mr Dominic

Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Rifkind, rh Sir Malcolm
Robathan, rh Mr Andrew
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Stride, Mel
Stuart, Mr Graham
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swinson, Jo
Swire, rh Mr Hugo
Syms, Mr Robert
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Yeo, Mr Tim
Young, rh Sir George
Zahawi, Nadhim

Tellers for the Ayes:
Mark Hunter and
Mr Shailesh Vara

NOES

Abbott, Ms Diane
Abrahams, Debbie
Ainsworth, rh Mr Bob
Alexander, rh Mr Douglas
Alexander, Heidi
Ali, Rushanara
Allen, Mr Graham
Ashworth, Jonathan
Austin, Ian
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Bell, Sir Stuart
Benn, rh Hilary
Berger, Luciana
Betts, Mr Clive
Blackman-Woods, Roberta
Blears, rh Hazel
Blenkinsop, Tom
Blomfield, Paul
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Gordon
Brown, Lyn
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, rh Andy
Byrne, rh Mr Liam
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Connarty, Michael
Cooper, Rosie
Cooper, rh Yvette
Corbyn, Jeremy
Crausby, Mr David
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Curran, Margaret
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donaldson, rh Mr Jeffrey M.
Donohoe, Mr Brian H.
Doran, Mr Frank
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Durkan, Mark
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Elliman, Mrs Louise
Engel, Natascha
Esterson, Bill
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Greatrex, Tom
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hamilton, Fabian
Hancock, Mr Mike
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Heyes, David
Hillier, Meg
Hilling, Julie
Hodge, rh Margaret
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
Jackson, Glenda
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, rh Alan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lavery, Ian
Lazarowicz, Mark
Leech, Mr John
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Long, Naomi
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Mr Khalid
Mahmood, Shabana
Malhotra, Seema
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McClymont, Gregg
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McGovern, Alison
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKenzie, Mr Iain
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh David
Miliband, rh Edward
Miller, Andrew
Mitchell, Austin
Morden, Jessica
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Mudie, Mr George
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Murray, Ian
Nandy, Lisa
Nash, Pamela
O'Donnell, Fiona
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Pearce, Teresa
Percy, Andrew
Perkins, Toby
Pound, Stephen

Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Ritchie, Ms Margaret
Robertson, Angus
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Russell, Sir Bob
Sarwar, Anas
Seabeck, Alison
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Smith, Owen
Spellar, rh Mr John
Straw, rh Mr Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Ward, Mr David
Watts, Mr Dave
Whiteford, Dr Eilidh
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winnick, Mr David
Winterton, rh Ms Rosie
Wishart, Pete
Wood, Mike
Woodcock, John
Wright, David
Wright, Mr Iain

Tellers for the Noes:
Yvonne Fovargue and Susan Elan Jones

Question accordingly agreed to.

Lords amendment 73 disagreed to.

Remaining Lords amendments agreed to, with Commons financial privileges waived in respect of Lords amendments 16, 20 to 22, 28 to 37, 78, 80, 81, 83 to 86, 88, 90 to 94, 98, 101 to 106 and 108.

Motion made, and Question put forthwith (Standing Order No. 83H), That a Committee be appointed to draw up Reasons to be assigned to the Lords for disagreeing to their amendments;

That Chris Grayling, Stephen Crabb, Stephen Timms, Tom Blenkinsop and Jenny Willott be members of the Committee;

That Chris Grayling be the Chair of the Committee;

That three be the quorum of the Committee;

That the Committee do withdraw immediately.—*(Mr Dunne.)*

Question agreed to.

Committee to withdraw immediately; reasons to be reported and communicated to the Lords.

Madam Deputy Speaker (Dawn Primarolo): I now have to announce the results of Divisions deferred from a previous day. On the motion relating to the mayoral referendum for Liverpool, the Ayes were 324 and the Noes were 212, so the Question was agreed to. On the motion relating to the mayoral referendum for Nottingham, the Ayes were 320 and the Noes were 213, so the Question was agreed to. On the motion relating to the mayoral referendum for Leeds, the Ayes were 322 and the Noes were 212, so the Question was agreed to. On the motion relating to the mayoral referendum for Bristol, the Ayes were 321 and the Noes were 212, so the Question was agreed to.

Business without Debate

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6))

ENVIRONMENTAL PROTECTION

That the draft Storage of Carbon Dioxide (Inspections etc.) Regulations 2011, which were laid before this House on 14 November, be approved.—*(Mr Dunne.)*

Question agreed to.

Motion made, and Question put forthwith (Standing Order No. 118(6)),

LOCAL GOVERNMENT

That the draft City of Manchester (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.—*(Mr Dunne.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 8 February (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

LOCAL GOVERNMENT

That the draft City of Newcastle-upon-Tyne (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.—*(Mr Dunne.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 8 February (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

LOCAL GOVERNMENT

That the draft City of Sheffield (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.—*(Mr Dunne.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 8 February (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

BROADCASTING

That the draft Local Digital Television Programme Services Order 2012, which was laid before this House on 15 December, be approved.—*(Mr Dunne.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 8 February (Standing Order No. 41A).

Motion made, and Question put forthwith (Standing Order No. 118(6)),

ELECTRONIC COMMUNICATIONS

That the draft Wireless Telegraphy Act 2006 (Directions to OFCOM) Order 2012, which was laid before this House on 15 December, be approved.—*(Mr Dunne.)*

The Speaker's opinion as to the decision of the Question being challenged, the Division was deferred until Wednesday 8 February (Standing Order No. 41A).

EUROPEAN UNION DOCUMENTS

Motion made, and Question put forthwith (Standing Order No. 119(11)),

REFORM OF THE CAP

That this House takes note of European Union Documents No. 15396/11, relating to a draft Regulation establishing rules for direct payments for farmers under support schemes within the framework of the Common Agricultural Policy, No. 15425/11, relating to a draft Regulation on support for rural development by the European Agricultural Fund for Rural Development and No. 15688/11, relating to a Commission Staff Working Paper: Executive Summary of the Impact Assessment—Common Agricultural Policy Towards 2020; and supports the Government's view that fundamental change to much of the Commission's regulatory proposals is required to deliver the legislative basis necessary to support an innovative, competitive and market-orientated farming industry, genuine additional environmental, biodiversity and climate change benefits and strong, viable rural communities in a sufficiently simple manner to allow effective implementation by paying agencies and farmers.—*(Mr Paice.)*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith (Standing Order No. 118(6)),

ELECTORAL COMMISSION

That an humble Address be presented to Her Majesty, praying that Her Majesty will appoint John Rhodes Horam to be an Electoral Commissioner in place of Baroness Browning, with effect from 1 March 2012 for the period ending on 30 September 2014.—*(Mr Heath.)*

Question agreed to.

PETITIONS

School Transport (Darlington and Sedgefield)

7.47 pm

Phil Wilson (Sedgefield) (Lab): This petition with 800 signatures is on behalf of my constituents of Sedgefield who live in the borough of Darlington.

The petition states:

The Petition of residents of the Borough of Darlington,

Declares that the Petitioners believe that Associated Transport Provision to schools within the borough should continue to be provided for children starting secondary school from 2013 onwards, as while the Petitioners understand the financial constraints facing Darlington Borough Council, the Petitioners believe that ending the service will be detrimental to children, families and local communities.

The Petitioners therefore request that the House of Commons urges the Government to work with Darlington Borough Council to ensure that Associated Transport Provision to schools within the Borough of Darlington continues to be provided for children starting secondary school from 2013 onwards.

And the Petitioners remain, etc.

[P001002]

School Transport (Darlington and Sedgefield)

7.49 pm

Mrs Jenny Chapman (Darlington) (Lab): I am tempted to say "ditto". This petition is on behalf of 800 residents of Darlington.

The petition states:

The Petition of residents of the Borough of Darlington,

Declares that the Petitioners believe that Associated Transport Provision to schools within the borough should continue to be provided for children starting secondary school from 2013 onwards, as while the Petitioners understand the financial constraints facing Darlington Borough Council, the Petitioners believe that ending the service will be detrimental to children, families and local communities.

The Petitioners therefore request that the House of Commons urges the Government to work with Darlington Borough Council to ensure that Associated Transport Provision to schools within the Borough of Darlington continues to be provided for children starting secondary school from 2013 onwards.

And the Petitioners remain, etc.

[P001000]

Graves in Cemeteries in Walsall

7.50 pm

Valerie Vaz (Walsall South) (Lab): The petition from the citizens of Walsall

Declares that the Petitioners object to Walsall Council's plans to remove borders around all graves at cemeteries in Walsall including Streetly Cemetery, thus allowing lawnmowers, workmen and members of the general public to pass on top of the graves; declares that the Council has never objected or removed any of the borders before or maintained the cemetery as a lawn cemetery and that no consultation has taken place with the families of those buried in this and other cemeteries in the borough; and declares that the Petitioners believe that the plan to remove the borders around graves, which would allow lawn mowers and workmen to pass over graves, is an infringement of their human rights, beliefs and dignity.

The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to encourage Walsall Metropolitan Borough Council to reconsider their decision to remove borders from around graves in cemeteries in Walsall.

And the Petitioners remain, etc.

A petition in similar terms has been signed by 744 people.

[P001001]

Potential Closure of Peacocks Stores

7.51 pm

Huw Irranca-Davies (Ogmore) (Lab): The petition concerns workers and their families throughout the United Kingdom who are waiting for news of the Peacocks stores up and down the land that are in administration. It has been signed by more than 600 of my constituents in one store. It states:

The Petition of residents of Ogmore

Declares that the Petitioners are concerned about the potential closure of Peacocks stores.

The Petitioners therefore request that the House of Commons urges the Government to take all possible steps to prevent the closure of Peacocks stores.

And the Petitioners remain, etc.

[P001003]

Green Investment Bank

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Dunne.)*

7.52 pm

Tony Lloyd (Manchester Central) (Lab): It is almost commonplace nowadays to say that the greening of our economy must take place, and must take place quickly. We know that a low-carbon economy offers not just challenges—although it certainly offers challenges—but enormous opportunities, and the success of the green investment bank is vital to that process.

I congratulate the Minister and his Department on an initiative which, as the Minister knows, has been welcomed across the country, if only in the locations where councils are making active bids. As I shall demonstrate, the level of support in Greater Manchester is such, and the quality of the Manchester bid is so strong, that had Manchester not submitted a bid, the Minister would probably have asked us to do so.

I can certainly say that the bid has the support of a number of people, including, obviously, my hon. Friends the Members for Blackley and Broughton (Graham Stringer) and for Bolton West (Julie Hilling), my right hon. Friend the Member for Wythenshawe and Sale East (Paul Goggins), my hon. Friends the Members for Stretford and Urmston (Kate Green) and for Stalybridge and Hyde (Jonathan Reynolds), and the hon. Member for Bury North (Mr Nuttall) on the Government Benches. It is important to say that the hon. Member for Altrincham and Sale West (Mr Brady), the chairman of the 1922 committee, has asked me to place on record his strong support for the Manchester bid.

Manchester has some strong positives when it comes to meeting the criteria that the Government have said are fundamental to the location of the green investment bank. It is always tempting for anyone from the north of England to take a position that does not always see London as the centre of the universe, possibly because it is not, but there are strong reasons why locating the bank in London would send the wrong signals about the type of economy that we want to build in the United Kingdom. That is not an anti-London statement, but a simple matter of practical fact.

We want to use the green investment bank to engineer investment, particularly in manufacturing, and we want to break the cycle of an investment system that has historically been quite hostile to manufacturing, and that is very much based round the London service ethos. People in parts of the north of England have said to me that it is difficult to get the merchant banks to take seriously investment outside the golden triangle of Oxbridge and London; we need to consider location as a key factor in that, particularly if we recognise that one of the roles of the green investment bank will be to overcome the traditional problems of market reluctance or, even worse, market failure. In that sense, a location outside London is important.

Of course, there are practical reasons why the Manchester bid would be better than anything that could possibly come from within London, but I repeat that this is not about pitting Manchester against London; historically, when that has happened, Manchester has normally won the intellectual arguments, if not the physical arguments that go with them.

The Government have laid down important criteria, one of which relates to the concept of connectivity. Of course, in the modern world, Manchester's international airport is a tremendous asset, particularly when we consider that some 200 cities around the world are accessible from Manchester airport. I would not pretend that that competes with the southern regional airport system that includes Heathrow and Gatwick—of course it is possible to access more cities from them—but Manchester is only a short flight away from that London airport system. We also have very good train communications.

In the modern world, it may not be the physical transportation of people that matters, but the movement of information and, in that area, Manchester scores very highly, not simply against other non-London cities, but against London. Manchester already has one of the most advanced, competitive telecommunications and internet infrastructures in Europe, and it is the only UK city outside London with an international internet exchange. It is the only city in the UK including London to offer next-generation broadband, with fibre to premises allowing remarkable speeds in a true open-access network. BT has completed a £575 million investment programme that places Manchester 10 years ahead of other UK cities, in terms of access to digital communication. Those are the types of connections that the world of today—and the world of tomorrow—will demand.

As for the requirement for adequate office space and energy-efficient offices, the modern offices in Spinningfields, the Co-operative Bank area and Piccadilly place are already the rival of any in the country. Such offices are easily available in Manchester, and are being built to the very highest environmental standards. I think that it is true to say that we have more office space that hits the highest levels of environmental efficiency than other cities outside London.

Manchester has huge and growing business, financial and professional services sectors; 250,000 people already work in those sectors, 50,000 of them in finance, insurance and banking. Of course, Manchester also has a powerful transaction ecosystem—one of the criteria that the Department for Business, Innovation and Skills specified was necessary for a successful bid. We have the Manchester Private Equity Group, and a financial and banking system that is already well used to operating in a transaction ecosystem. Of course, Manchester scores very highly in its cost-effectiveness as a location.

Graham Stringer (Blackley and Broughton) (Lab): My hon. Friend is making a splendid and excellent speech, which I am sure the Minister will not be able to resist. May I just add two details that might aid him? First, Manchester airport has more destinations than Heathrow and, secondly, banks thrive better where there are other banks and Manchester is undoubtedly the second financial centre in this country.

Tony Lloyd: My hon. Friend probably knows more about transportation—and particularly air transportation—than almost any hon. Member and he is right about the position of Manchester airport. That is a very important plus, because Manchester airport, by definition, is down the road from the thriving city centre. The growing efficiency of our local transportation system means that it is easily accessible by anybody who comes to the city.

[Tony Lloyd]

My hon. Friend's second point is absolutely right, too. The strength of Manchester's banking system is really important and, in that light, I want to mention the quite recent move by the Bank of New York Mellon, which invested in the city centre. The bank took a decision to come to Manchester some six years ago. Before it first came, it scoured the country in a manner that was very similar to the process that is going ahead for the green investment bank and it considered very similar criteria for the location of its new investment in Britain. At the time, the investment covered a couple of hundred people, who were easily found. They were people of the highest quality, of course, because BNY Mellon was not going to set up without people of both expertise and competence, given that those people would be dealing with the bank's UK clients. Those people were recruited from the Manchester labour market, because the existence of the banking system mentioned by my hon. Friend the Member for Blackley and Broughton meant that that labour pool was easily available.

BNY Mellon has found that as it has expanded—it has expanded very quickly in six years and now employs more than 1,000 people—it has been able to expand its pool of labour precisely because of that nexus of people in the banking and financial services sector who were readily available. In particular—I hope that the Minister will pay particular attention to this point—the fact that people had the skills and were in the professions that the bank was looking for meant that, as the labour force increased, that had a non-inflationary impact on the bank and on the local labour market. That is an important factor to consider in the location of the green investment bank.

I am aware that the hon. Member for Bury North wants to show that support for this bid is felt strongly across the normal partisan political divides in the House, so I shall conclude. The bid is supported by people from all political parties and by people from all backgrounds, by business, the trade unions and local authorities, and by all those who make up the firmament of modern Manchester and modern Greater Manchester.

I understand that the Minister will be able to say very little tonight because of his almost quasi-judicial position, but I hope he will go away and reflect on the strong case for the Manchester bid. It is a powerful bid from a city that is used to such innovation and from a city that has demonstrated in the past its capacity to work practically, not ideologically. That has seen the city transformed over the 20 years since my hon. Friend the Member for Blackley and Broughton was leader of the city council. Manchester, in transforming itself, has demonstrated the old adage that what Manchester thinks today, the rest of the world does tomorrow. If we are to make this bank a success, let us begin to think that thought in Manchester and ensure that it is a success.

8.4 pm

Mr David Nuttall (Bury North) (Con): Let me start by congratulating the hon. Member for Manchester Central (Tony Lloyd) on securing this important debate, which gives hon. Members an opportunity to extol Manchester's virtues as the ideal home for the new green investment bank. This is not about whether I think it is a good idea to have a green investment bank. What matters is that there is broad consensus across the parties and across all sectors in Greater Manchester that it is the best place to have the bank. There are many good reasons why it should be in Manchester—so many that we could fill a whole day's debate with reasons—but I want to concentrate on five key areas that are crucial to this decision.

First, locating the bank in Manchester would provide taxpayers with excellent value for money because the cost of locating it there would be far less than putting it in London. Of course, it would also help to bridge the north-south divide. Secondly, there is excellent office accommodation available and waiting in Manchester, ready for use by the bank. Thirdly, as the hon. Member for Manchester Central has mentioned, we have excellent transport links. Even with the existing rail link it is just over two hours to London, but that time will be slashed with the advent of HS2. Fourthly, it is important that the staff of the bank have experience of handling transactions of this nature, and there are people with that experience, as I shall demonstrate in a moment.

Fifthly, there must be a thriving professional and financial sector. Greater Manchester has the largest number of firms in the financial and professional sector outside London and the largest legal, accounting and management consultancy sectors. The Manchester city region employs more than 50,000 people across the banking, finance and insurance sectors, and those with specialist skills are available in project finance, structured finance, and advisory and investment management. More than 60 banks are already based in Manchester, which is home to the largest United Kingdom accountancy sector outside London, and is the largest centre of mid-tier private equity in Europe.

It is not good enough just to have the staff—they must also be experienced in the sort of deals that the bank will be required to carry out. In 2011, Manchester professionals in this sector conducted 620 corporate finance deals, which was an increase of 2% on the 2009 total in the north-west. There is also great experience of working in partnership across the public and private sectors, which will be of tremendous value to the green investment bank. In conclusion, I note that the Minister has been listening most attentively and although I do not expect a definite yes this evening, I trust that he will examine Manchester's bid most carefully and will view it favourably.

8.8 pm

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): I congratulate the hon. Member for Manchester Central (Tony Lloyd) on securing the debate and commend my hon. Friend the Member for Bury North (Mr Nuttall) and the hon. Member for Blackley and Broughton (Graham Stringer) for speaking about the importance of this institution and making the case for Manchester to be its home. The House notes that Members from across the Greater Manchester conurbation, and indeed elsewhere, have attended the debate to give their support. That is important for the bid and to put forward the case regarding this institution.

I entirely support the argument that Manchester is a city with a strong and notable industrial heritage. I think I am right in saying that it is home to the very first industrial canal and the world's first railway station.

Manchester has not only a long-standing role in the development of key industrial sectors—engineering and chemicals come to mind, and textiles of course, but also the electrical industries—but an important record of innovation. The hon. Member for Manchester Central pointed that out in saying that it is a city used to transformation. That is an important characteristic in this instance.

I have to be careful, as the hon. Gentleman said. Applications closed on Monday, so he will understand that I must desist from making further remarks, positive or otherwise, about this individual case—strongly represented as it has been in tonight's debate—because I do not want to prejudice the application in a challenging field. I am sure hon. Members will understand that.

What I can say is that, throughout the country, there has been tremendous support for the bank. The hon. Gentleman said that that has involved principally those places that seek to become its home, but it has been good to see how many other areas that did not, in the end, make an application showed genuine interest. Indeed, the proposal has drawn support from across the political divide, as we have seen here this evening. We welcome that support—that enthusiasm—for the institution.

We see the green investment bank as a key component of the transition to a sustainable economy. It should complement other policies and drive growth in the sector, which is already worth more than £116 billion. This country is well placed to seize the benefits of the transition, being already the sixth largest low-carbon economic goods and services market in the world.

As the hon. Gentleman rightly pointed out, we in this country have a wealth of expertise and many leading innovative businesses in this field which are well placed to secure their role in what will become a global market that is already estimated to be worth about £3.2 trillion. There is a wide range of opportunities here. One thinks immediately of wind power, wave and tidal, building technologies and ultra-low-carbon transport. All those have a key role to play in the debate.

We are committed to ensuring that UK businesses are able to seize those opportunities. That is why last summer my Department, the Department of Energy and Climate Change and the Department for Environment, Food and Rural Affairs together published our range of policies to support that transition to the green economy, which has been mentioned in the debate.

The plans will form the basis for an important developing partnership between Government and business, but also universities and local communities, if we are to make this a lasting change. Clearly, low-carbon technologies are new—many are only nascent—so in order to invest the substantial resources required in this area, business needs to be certain that the low-carbon sector is indeed here to stay. We are doing our best, and we have taken some positive steps in providing that certainty. For example, we are committed by law to a 50% reduction in carbon emissions by 2025. We have launched the world's first incentive scheme for renewable heat, which should increase investment in those technologies by £7.5 billion by the end of this decade. We have announced the green deal, whereby householders, businesses and landlords will be able to improve the energy efficiency of their homes and their business premises at no up-front cost, instead recouping the payments through instalments on bills. We are putting some £200 million into supporting the early take-up of that, so we see that market develop and grow.

Clearly, the transition to a green and growing economy requires unprecedented investment. For example, we think that the energy sector alone will require some £200 billion. To ensure that a lack of sufficient funds does not become a barrier to the scale and pace of the transition, we recognise that we need to go beyond traditional policies. That is why we are establishing the green investment bank, which will be the first of its kind in the world.

Capitalised with £3 billion, the green investment bank will complement other green policies to help to accelerate the provision of essential capital. The bank will build the kind of deep expertise in financial markets and in sustainable technologies and innovations that is vital if we are to take those bright ideas and turn them into commercial ventures. It will be a new and enduring institution, rather than a series of Government interventions, and it will address the areas of under-investment that have persisted in years past.

For the benefit of Members, I will briefly explain the development of the policy and the specific issue of location. As I explained in a previous debate, the green investment bank will need to be approved by the European Commission before we can establish it as a fully independent financial institution. We expect to obtain this approval by early 2013. We recently announced that the Government are to pave the way by making investments in green infrastructure, on commercial terms, from April this year. The investments will be funded from the £775 million allocation for 2012-13 made available in the Budget. The investments will be made by my Department's UK green investments team and overseen by a new investment committee. As part of this, the Government have made available £100 million for investment in waste infrastructure projects and a further £100 million for investment in the non-domestic energy efficiency sector for the next financial year. We also stand ready to invest in offshore wind projects.

Looking ahead, the green investment bank's operational remit will be to focus on green infrastructure, which means that our initial priority sectors for investment will include offshore wind power generation; commercial and industrial waste processing and recycling; and support for the green deal. The bank will work towards a double bottom line, which in plain English means that it will achieve a significant green impact but also have to make financial returns.

The essence of the matter we are debating is the location of the bank, which has clearly generated a lot of interest. This is the second such debate I have had the pleasure to respond to; there was another from the other side of the Pennines, but I will say no more on that, given that the majority of Members present are from the Manchester side and I do not wish to spoil the debate's harmonious nature. Clearly the bank's location will be crucial to its success. It will not be a vast institution—we think it will employ no more than 50 to 100 full-time equivalent staff—but it is clear, as was apparent in both speeches we heard, that people already recognise the economic value of having the organisation in their community and that it will be a genuine asset to whichever area it is located in.

[Mr Mark Prisk]

On 12 December last year the Department published a document setting out the criteria that will be taken into account in deciding on the bank's location. The criteria are the ability to recruit and retain the specialist staff needed to run the organisation; a location that enables the bank to work closely with other parties involved in deals as well as other investment bodies, project developers and green technology providers; and a location that provides good value for money to ensure that the bank is cost-effective. The document invited interested parties to self-assess their location against those criteria and submit relevant information for consideration. I am pleased to say that the process has been met with a powerful and positive response. Manchester was one of 32 locations across the country that submitted a self-assessment. The closing date for receipt of the assessments was Monday, which is why I am being careful not to make any prejudicial remarks on the case for Manchester, because it is important that this is done in a fair and open manner.

All the submissions will now be reviewed against the criteria set out in the guidance document so that we can best identify the viable options, and a review panel has been established to perform the task. Advice will then be put to the Secretary of State, who will announce his final decision in late February and outline the reasons informing his decision. The submissions will also be published at that point. In that sense, this will be an open and clear process. It will not be needlessly lengthy, but people will be able to look at how we reach the conclusion in a few weeks' time.

To conclude, we are committed to taking action now to enable the transition to a green and growing economy, and we very much welcome Manchester's contribution to that aim. We believe that we are firmly on our way to a more sustainable economy, with the policies that we have already put in place, with the strong relationship that we are building with businesses to help them to maximise the opportunities, and with a green investment bank that will be able to address the market failures affecting key infrastructure projects. To that end, I confirm that, along with the bids from other potential locations, Manchester's application to become home to the green investment bank will be given the most careful consideration.

Question put and agreed to.

8.20 pm

House adjourned.

Deferred Divisions

Local Government

That the draft City of Liverpool (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.

The House divided: Ayes 324, Noes 212.

Division No. 450]

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, rh Mr Frank
Field, Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hinds, Damian
Hoban, Mr Mark
Hoey, Kate
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lloyd, Stephen
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard

Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

NOES

Abbott, Ms Diane
Alexander, rh Mr Douglas
Alexander, Heidi
Ashworth, Jonathan
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blenkinsop, Tom
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Fiello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sanders, Mr Adrian
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Spellar, rh Mr John
Straw, rh Mr Jack
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winterton, rh Ms Rosie
Wright, David

Question accordingly agreed to.

Local Government

That the draft City of Nottingham (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.

The House divided: Ayes 320, Noes 213.

Division No. 451]

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hinds, Damian
Hoban, Mr Mark
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lloyd, Stephen
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sandys, Laura
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline

Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

NOES

Abbott, Ms Diane
Alexander, rh Mr Douglas
Alexander, Heidi
Ashworth, Jonathan
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blenkinsop, Tom
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Howarth, rh Mr George
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sanders, Mr Adrian
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Spellar, rh Mr John
Straw, rh Mr Jack
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winterton, rh Ms Rosie
Wright, David

Question accordingly agreed to.

Local Government

That the draft City of Leeds (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.

The House divided: Ayes 322, Noes 212.

Division No. 452]

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hinds, Damian
Hoban, Mr Mark
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lloyd, Stephen
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Osborne, rh Mr George
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory

Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian
Swayne, rh Mr Desmond
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

NOES

Abbott, Ms Diane
Alexander, rh Mr Douglas
Alexander, Heidi
Ashworth, Jonathan
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blenkinsop, Tom
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sanders, Mr Adrian
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Spellar, rh Mr John
Straw, rh Mr Jack
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winterton, rh Ms Rosie
Wright, David

Question accordingly agreed to.

Local Government

That the draft City of Bristol (Mayoral Referendum) Order 2012, which was laid before this House on 5 December, be approved.

The House divided: Ayes 321, Noes 212.

Division No. 453]

AYES

Adams, Nigel
Afriyie, Adam
Aldous, Peter
Alexander, rh Danny
Amess, Mr David
Andrew, Stuart
Arbuthnot, rh Mr James
Bacon, Mr Richard
Baker, Norman
Baker, Steve
Baldry, Tony
Baldwin, Harriett
Barclay, Stephen
Baron, Mr John
Barwell, Gavin
Bebb, Guto
Beith, rh Sir Alan
Benyon, Richard
Beresford, Sir Paul
Bingham, Andrew
Binley, Mr Brian
Birtwistle, Gordon
Blackman, Bob
Blackwood, Nicola
Blunt, Mr Crispin
Boles, Nick
Bone, Mr Peter
Bottomley, Sir Peter
Bradley, Karen
Brady, Mr Graham
Brake, rh Tom
Bray, Angie
Brazier, Mr Julian
Bridgen, Andrew
Brine, Steve
Brokenshire, James
Brooke, Annette
Browne, Mr Jeremy
Bruce, Fiona
Bruce, rh Malcolm
Buckland, Mr Robert
Burley, Mr Aidan
Burns, Conor
Burns, rh Mr Simon
Burrowes, Mr David
Burstow, Paul
Burt, Lorely
Byles, Dan
Cable, rh Vince
Cairns, Alun
Cameron, rh Mr David
Campbell, rh Sir Menzies
Carmichael, rh Mr Alistair
Carmichael, Neil
Carswell, Mr Douglas
Cash, Mr William
Chishti, Rehman
Clappison, Mr James
Clark, rh Greg
Clarke, rh Mr Kenneth
Clegg, rh Mr Nick
Clifton-Brown, Geoffrey
Coffey, Dr Thérèse
Collins, Damian
Colvile, Oliver
Cox, Mr Geoffrey
Crabb, Stephen
Crockart, Mike
Crouch, Tracey
Davey, Mr Edward
Davies, David T. C. *(Monmouth)*
Davies, Glyn
Davies, Philip
Davis, rh Mr David
de Bois, Nick
Dinenage, Caroline
Djanogly, Mr Jonathan
Dorries, Nadine
Doyle-Price, Jackie
Drax, Richard
Duddridge, James
Duncan, rh Mr Alan
Duncan Smith, rh Mr Iain
Dunne, Mr Philip
Ellis, Michael
Ellison, Jane
Ellwood, Mr Tobias
Elphicke, Charlie
Eustice, George
Evans, Graham
Evans, Jonathan
Evennett, Mr David
Fabricant, Michael
Fallon, Michael
Featherstone, Lynne
Field, Mark
Foster, rh Mr Don
Francois, rh Mr Mark
Freeman, George
Freer, Mike
Fullbrook, Lorraine
Fuller, Richard
Gale, Sir Roger
Garnier, Mr Edward
Gauke, Mr David
George, Andrew
Gibb, Mr Nick
Gilbert, Stephen
Gillan, rh Mrs Cheryl
Glen, John
Goldsmith, Zac
Goodwill, Mr Robert
Gove, rh Michael
Graham, Richard
Grant, Mrs Helen
Gray, Mr James
Grayling, rh Chris
Green, Damian
Greening, rh Justine
Grieve, rh Mr Dominic
Griffiths, Andrew
Gummer, Ben
Gyimah, Mr Sam
Halfon, Robert
Hames, Duncan
Hammond, rh Mr Philip
Hammond, Stephen
Hancock, Matthew
Hancock, Mr Mike
Hands, Greg
Harper, Mr Mark
Harrington, Richard
Harris, Rebecca
Hart, Simon
Harvey, Nick
Haselhurst, rh Sir Alan
Hayes, Mr John
Heald, Oliver
Heath, Mr David
Heaton-Harris, Chris
Hemming, John
Henderson, Gordon
Hinds, Damian
Hoban, Mr Mark
Hollobone, Mr Philip
Hopkins, Kris
Horwood, Martin
Howell, John
Hughes, rh Simon
Huhne, rh Chris
Hunt, rh Mr Jeremy
Hunter, Mark
Huppert, Dr Julian
Hurd, Mr Nick
Jackson, Mr Stewart
James, Margot
Javid, Sajid
Jenkin, Mr Bernard
Johnson, Gareth
Johnson, Joseph
Jones, Andrew
Jones, Mr David
Jones, Mr Marcus
Kawczynski, Daniel
Kelly, Chris
Kirby, Simon
Knight, rh Mr Greg
Kwarteng, Kwasi
Laing, Mrs Eleanor
Lamb, Norman
Lansley, rh Mr Andrew
Latham, Pauline
Laws, rh Mr David
Lee, Jessica
Lee, Dr Phillip
Leech, Mr John
Lefroy, Jeremy
Leslie, Charlotte
Letwin, rh Mr Oliver
Lewis, Dr Julian
Liddell-Grainger, Mr Ian
Lloyd, Stephen
Long, Naomi
Lopresti, Jack
Lord, Jonathan
Loughton, Tim
Luff, Peter
Lumley, Karen
Macleod, Mary
Main, Mrs Anne
May, rh Mrs Theresa
Maynard, Paul
McCartney, Karl
McIntosh, Miss Anne
McLoughlin, rh Mr Patrick
McPartland, Stephen
McVey, Esther
Mensch, Louise
Menzies, Mark
Metcalfe, Stephen
Miller, Maria
Milton, Anne
Mitchell, rh Mr Andrew
Mordaunt, Penny
Morgan, Nicky
Morris, Anne Marie
Morris, David
Morris, James
Mosley, Stephen
Mowat, David
Mulholland, Greg
Mundell, rh David
Murray, Sheryll
Murrison, Dr Andrew
Neill, Robert
Newmark, Mr Brooks
Newton, Sarah
Nokes, Caroline
Norman, Jesse
Nuttall, Mr David
Offord, Mr Matthew
Ollerenshaw, Eric
Opperman, Guy
Ottaway, Richard
Paice, rh Mr James
Parish, Neil
Patel, Priti
Paterson, rh Mr Owen
Pawsey, Mark
Penning, Mike
Penrose, John
Percy, Andrew
Perry, Claire
Phillips, Stephen
Pickles, rh Mr Eric
Pincher, Christopher
Poulter, Dr Daniel
Prisk, Mr Mark
Pritchard, Mark
Raab, Mr Dominic
Randall, rh Mr John
Reckless, Mark
Redwood, rh Mr John
Rees-Mogg, Jacob
Reevell, Simon
Reid, Mr Alan
Robathan, rh Mr Andrew
Robertson, Hugh
Rogerson, Dan
Rosindell, Andrew
Rudd, Amber
Ruffley, Mr David
Russell, Sir Bob
Rutley, David
Sandys, Laura
Scott, Mr Lee
Selous, Andrew
Shapps, rh Grant
Sharma, Alok
Shepherd, Mr Richard
Simmonds, Mark
Simpson, Mr Keith
Skidmore, Chris
Smith, Miss Chloe
Smith, Henry
Smith, Julian
Smith, Sir Robert
Soames, rh Nicholas
Soubry, Anna
Spelman, rh Mrs Caroline
Spencer, Mr Mark
Stephenson, Andrew
Stevenson, John
Stewart, Bob
Stewart, Iain
Stewart, Rory
Streeter, Mr Gary
Stride, Mel
Stunell, Andrew
Sturdy, Julian
Swales, Ian

Swayne, rh Mr Desmond
Swire, rh Mr Hugo
Syms, Mr Robert
Tapsell, rh Sir Peter
Thurso, John
Timpson, Mr Edward
Tomlinson, Justin
Tredinnick, David
Truss, Elizabeth
Turner, Mr Andrew
Tyrie, Mr Andrew
Uppal, Paul
Vaizey, Mr Edward
Vara, Mr Shailesh
Vickers, Martin
Villiers, rh Mrs Theresa
Walker, Mr Charles
Walker, Mr Robin
Wallace, Mr Ben
Walter, Mr Robert
Watkinson, Angela
Weatherley, Mike
Webb, Steve
Wharton, James
Wheeler, Heather
White, Chris
Whittaker, Craig
Wiggin, Bill
Willetts, rh Mr David
Williams, Mr Mark
Williams, Roger
Williams, Stephen
Williamson, Gavin
Willott, Jenny
Wilson, Mr Rob
Wollaston, Dr Sarah
Wright, Jeremy
Wright, Simon
Young, rh Sir George
Zahawi, Nadhim

NOES

Abbott, Ms Diane
Alexander, rh Mr Douglas
Alexander, Heidi
Ashworth, Jonathan
Bailey, Mr Adrian
Bain, Mr William
Balls, rh Ed
Banks, Gordon
Barron, rh Mr Kevin
Bayley, Hugh
Beckett, rh Margaret
Begg, Dame Anne
Benn, rh Hilary
Benton, Mr Joe
Berger, Luciana
Betts, Mr Clive
Blenkinsop, Tom
Blunkett, rh Mr David
Bradshaw, rh Mr Ben
Brennan, Kevin
Brown, rh Mr Nicholas
Brown, Mr Russell
Bryant, Chris
Burnham, rh Andy
Campbell, Mr Alan
Campbell, Mr Gregory
Campbell, Mr Ronnie
Caton, Martin
Chapman, Mrs Jenny
Clark, Katy
Clarke, rh Mr Tom
Clwyd, rh Ann
Coaker, Vernon
Coffey, Ann
Cooper, Rosie
Cooper, rh Yvette
Creagh, Mary
Creasy, Stella
Cruddas, Jon
Cryer, John
Cunningham, Alex
Cunningham, Mr Jim
Cunningham, Tony
Dakin, Nic
Danczuk, Simon
Darling, rh Mr Alistair
David, Mr Wayne
Davidson, Mr Ian
Davies, Geraint
Denham, rh Mr John
Dobbin, Jim
Dobson, rh Frank
Docherty, Thomas
Dodds, rh Mr Nigel
Donohoe, Mr Brian H.
Dowd, Jim
Doyle, Gemma
Dromey, Jack
Dugher, Michael
Eagle, Ms Angela
Eagle, Maria
Edwards, Jonathan
Efford, Clive
Elliott, Julie
Ellman, Mrs Louise
Engel, Natascha
Evans, Chris
Farrelly, Paul
Fitzpatrick, Jim
Flello, Robert
Flint, rh Caroline
Flynn, Paul
Fovargue, Yvonne
Francis, Dr Hywel
Gapes, Mike
Gardiner, Barry
Gilmore, Sheila
Glass, Pat
Glindon, Mrs Mary
Goggins, rh Paul
Goodman, Helen
Green, Kate
Greenwood, Lilian
Griffith, Nia
Gwynne, Andrew
Hain, rh Mr Peter
Hamilton, Mr David
Hanson, rh Mr David
Harman, rh Ms Harriet
Harris, Mr Tom
Havard, Mr Dai
Healey, rh John
Hendrick, Mark
Heyes, David
Hillier, Meg
Hilling, Julie
Hodgson, Mrs Sharon
Hoey, Kate
Hood, Mr Jim
Hopkins, Kelvin
Hunt, Tristram
Irranca-Davies, Huw
James, Mrs Siân C.
Jamieson, Cathy
Jarvis, Dan
Johnson, Diana
Jones, Graham
Jones, Helen
Jones, Mr Kevan
Jones, Susan Elan
Jowell, rh Tessa
Joyce, Eric
Kaufman, rh Sir Gerald
Keeley, Barbara
Kendall, Liz
Khan, rh Sadiq
Lammy, rh Mr David
Lavery, Ian
Lazarowicz, Mark
Leslie, Chris
Lewis, Mr Ivan
Lloyd, Tony
Llwyd, rh Mr Elfyn
Love, Mr Andrew
Lucas, Caroline
Lucas, Ian
Mactaggart, Fiona
Mahmood, Shabana
Mann, John
Marsden, Mr Gordon
McCabe, Steve
McCann, Mr Michael
McCarthy, Kerry
McCrea, Dr William
McDonagh, Siobhain
McDonnell, Dr Alasdair
McDonnell, John
McFadden, rh Mr Pat
McGovern, Jim
McGuire, rh Mrs Anne
McKechin, Ann
McKinnell, Catherine
Meacher, rh Mr Michael
Meale, Sir Alan
Mearns, Ian
Michael, rh Alun
Miliband, rh Edward
Miller, Andrew
Morrice, Graeme *(Livingston)*
Morris, Grahame M. *(Easington)*
Munn, Meg
Murphy, rh Mr Jim
Murphy, rh Paul
Nandy, Lisa
Nash, Pamela
Onwurah, Chi
Osborne, Sandra
Owen, Albert
Paisley, Ian
Perkins, Toby
Pound, Stephen
Qureshi, Yasmin
Raynsford, rh Mr Nick
Reed, Mr Jamie
Reeves, Rachel
Reynolds, Emma
Reynolds, Jonathan
Riordan, Mrs Linda
Robinson, Mr Geoffrey
Rotheram, Steve
Roy, Mr Frank
Roy, Lindsay
Ruane, Chris
Ruddock, rh Dame Joan
Sanders, Mr Adrian
Sarwar, Anas
Seabeck, Alison
Shannon, Jim
Sharma, Mr Virendra
Sheerman, Mr Barry
Sheridan, Jim
Shuker, Gavin
Simpson, David
Skinner, Mr Dennis
Slaughter, Mr Andy
Smith, rh Mr Andrew
Smith, Angela
Smith, Nick
Spellar, rh Mr John
Straw, rh Mr Jack
Stuart, Ms Gisela
Sutcliffe, Mr Gerry
Tami, Mark
Thomas, Mr Gareth
Thornberry, Emily
Timms, rh Stephen
Trickett, Jon
Turner, Karl
Twigg, Derek
Twigg, Stephen
Vaz, rh Keith
Vaz, Valerie
Walley, Joan
Watts, Mr Dave
Whitehead, Dr Alan
Wicks, rh Malcolm
Williams, Hywel
Williamson, Chris
Wilson, Phil
Wilson, Sammy
Winterton, rh Ms Rosie
Wright, David

Question accordingly agreed to.

House of Commons

Thursday 2 February 2012

The House met at half-past Ten o'clock

PRAYERS

[MR SPEAKER *in the Chair*]

Oral Answers to Questions

BUSINESS, INNOVATION AND SKILLS

The Secretary of State was asked—

Red Tape Challenge

1. **Rehman Chishti** (Gillingham and Rainham) (Con): What recent progress he has made on the red tape challenge. [92997]

4. **Brandon Lewis** (Great Yarmouth) (Con): What recent progress he has made on the red tape challenge. [93000]

5. **Alun Cairns** (Vale of Glamorgan) (Con): What recent progress he has made on the red tape challenge. [93002]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): To date, of the more than 1,200 regulations considered under the red tape challenge, we have agreed to scrap or substantially overhaul well over 50%. That is in addition to our plans to cap the cost of new regulations through the one-in, one-out system.

Rehman Chishti: I am very grateful to the Minister for that answer. Will he clarify how much the one-in, one-out rule saved businesses in 2011?

Mr Prisk: My hon. Friend is absolutely right: it is costs that businesses are focused on. I can tell him and the House that last year we were able to rein back planned regulations, which will save businesses more than £3.2 billion a year.

Brandon Lewis: Businesses across my constituency and elsewhere, and organisations such as the Federation of Small Businesses, are making it clear that red tape and bureaucracy are the biggest blocks to growth and employment. After six new pieces of red tape or regulation a day under the Labour Government, will the Minister outline how many regulations have already been cut and what his ambitions are for the rest of this Parliament?

Mr Prisk: We inherited a scenario in which there was the equivalent of six new regulations every working day. I am therefore pleased to say that in the last year we have identified 600 regulations under the red tape challenge which we will either scrap or substantially overhaul, and we intend to ensure that we increase that number in the years to come.

Alun Cairns: Reducing the number of regulations is extremely important, but so are the interpretation of regulations, particularly those from Europe, and the risk of gold-plating regulations, such as the agency worker directive. What action is the Minister taking to ensure that in interpreting regulations, we use the lightest touch possible to comply with the law?

Mr Prisk: We have changed the guiding principles from those that we inherited. That means, first, that we are not going to tie British business down by implementing early, as we have in the past. We will implement on the last legal day, under transposition rules. Secondly, my hon. Friend is absolutely right about interpretation. We will ensure that we copy regulations out and do not embellish them, as was sadly all too often the case under the last, Labour Government.

Pat Glass (North West Durham) (Lab): Higher education applications in this country have collapsed, although not across the board—I think applications to Oxford, Cambridge and Durham have increased. However, in the universities that ordinary people go to, they have collapsed.

Mr Speaker: Order. With reference to the red tape challenge.

Pat Glass: I just wanted to ask a question about—

Mr Speaker: The hon. Lady will have her opportunity another time.

Ian Austin (Dudley North) (Lab): Nobody disputes that unnecessary regulation and red tape have to be dealt with, but Government Members are deluding themselves if they think that is the central issue, when unemployment is at record levels and the economy has ground to a halt. Every time I go to meet a successful manufacturing company that has orders waiting and wants to take on new staff, I am told that the central problem is the lack of finance. Instead of trying to pursue this issue, the Minister should be concentrating on getting money from the banks to manufacturers so we can get the economy moving and they can take on more staff.

Mr Prisk: I am glad to say that we are capable of doing both. Unlike the last, Labour Government, we are tackling finance. It is sad that the Opposition are not listening to small businesses. We are, and we are working to make sure we help them.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): As part of the red tape challenge, will the Minister look again at the regulations that deny employees the right to proper compensation or redundancy payments if their workplace has fewer than 20 people, as is the case for ex-employees of Woolworths? That is regulation that successive Governments have failed to address.

Mr Prisk: I am aware that what the hon. Gentleman refers to is a live case, so I must be careful in the sense that it is before the tribunals. However, I am sure that the representations he has made are clear. Again, we need to strike the right balance so that employers and employees have a fairer deal. Frankly, I do not think that was the case in the 13 years of the last, Labour Government.

Mr David Hanson (Delyn) (Lab): Last year, 171 people were killed at work and 115,000 were seriously injured. Is the Minister really saying that now is the time to water down health and safety legislation?

Mr Prisk: The changes that Professor Löfstedt has identified are not about reducing safety at work; they are about cutting unnecessary red tape. That is clear; indeed, it is why one Opposition Member has been part of that panel and has supported its proposals, which this Government will implement.

High Pay Commission

2. **Gregg McClymont** (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): For what reasons he does not plan to implement all the recommendations of the High Pay Commission. [92998]

12. **Mr Wayne David** (Caerphilly) (Lab): For what reasons he does not plan to implement all the recommendations of the High Pay Commission. [93009]

The Secretary of State for Business, Innovation and Skills (Vince Cable): I welcome the High Pay Commission's valuable contribution to this debate. The proposals that I announced to the House last week drew on its analysis, and we are taking forward 11 of its 12 recommendations either in full or in spirit. We have chosen not to implement its recommendation requiring workers to be put on all remuneration committees.

Gregg McClymont: Most people in this country would consider £180,000 a year to be high pay. Will the Secretary of State tell the House who signed off the special dispensation with Her Majesty's Revenue and Customs regarding the extraordinary tax arrangements of Mr Ed Lester, the chief executive of the Student Loans Company?

Vince Cable: I understand that there is to be an urgent question shortly, when hon. Members will be able to go into that issue in detail if they wish. I simply say that this concerns an exceptionally useful individual who has helped to turn around that organisation. The arrangements under which the negotiations took place involved substantial value for money for the taxpayer and a tax cut by the individual. We will pursue matters of public concern on the tax issues, and the answers will be given by the Chief Secretary to the Treasury in response to the urgent question.

Mr David: Further to that point, may I ask the Secretary of State who on earth signed it off? Answer!

Vince Cable: These issues will be answered, and the mechanics dealt with, in the urgent question in an hour's time.

George Freeman (Mid Norfolk) (Con): Does my right hon. Friend agree that, as we all share an ambition to put the employee's voice on the board, the best way to do that is to encourage employee share ownership?

Vince Cable: It is indeed. Employee ownership is an expanding movement, and a popular one. It allows employees to become involved in the companies in which they have a share, and we wish to see it encouraged. We also wish to see workers properly consulted; there are powers to achieve that under existing legislation, but they are not being sufficiently used.

Lorely Burt (Solihull) (LD): Does my right hon. Friend agree that it is better to force companies to consult all employees, rather than consulting one individual? How would that individual be chosen, especially in a company that might be located in many parts of the world?

Vince Cable: My hon. Friend is absolutely right. That is why we are stressing employee participation in remuneration discussions. There are powers under existing regulations and we want to encourage people to take more advantage of them. As she rightly says, there are enormous practical difficulties involved in choosing one employee who can properly represent the whole of an international labour force.

Mr Nicholas Brown (Newcastle upon Tyne East) (Lab) *rose—*

Mr Speaker: Order. The right hon. Gentleman is being saved up for later. It would be a pity to waste him at such an early stage in our proceedings.

Ian Murray (Edinburgh South) (Lab): You can waste me first, Mr Speaker.

The Secretary of State will be aware of the performance targets set down in the Project Merlin agreement. One of the agreed measures to determine the bonuses of bank chief executives was to examine whether banks were providing the promised credit to businesses and, in particular, to small and medium-sized enterprises. The agreement also clearly stated that there would be no rewards for failure. Why, then, did the Government wave through the bonus for the Royal Bank of Scotland chief executive before the Bank of England had published the annual Project Merlin lending figures?

Vince Cable: The chief executive was on a contract, which I think was negotiated when Labour was in government. It had five separate metrics, of which that was one. It is certainly true that, according to the provisional data, RBS has not quite met its gross lending targets, but the Merlin agreement has not yet run its course, and we shall await its findings with interest.

Prospects for Growth

3. **Huw Irranca-Davies** (Ogmore) (Lab): What assessment he has made of the prospects for growth in 2012. [92999]

The Secretary of State for Business, Innovation and Skills (Vince Cable): The Office for Budget Responsibility produces independent forecasts for the economy and

for the public finances. The OBR's November 2011 economic and fiscal outlook predicts that the UK economy will grow by 0.7% this year and by 2.1% in 2013.

Huw Irranca-Davies: I thank the Secretary of State for that answer, but consumer confidence is plummeting, the retail sector is struggling, the growth in jobs in the private sector is not matching the losses in the public sector, and in my constituency scores of people are chasing every single job. So if not Labour's five-point plan for jobs and growth, what? This Government are not working.

Vince Cable: If the hon. Gentleman actually read the analysis produced by the Bank of England and, more recently, the Institute for Fiscal Studies, he would understand why the economy is growing slowly. The combination of higher commodity and oil prices last year and, more recently, the crisis in the eurozone is affecting all developed countries, many of them much more than the UK.

Mr Brian Binley (Northampton South) (Con): As confidence in growth continues to diminish among members of the small business community, does the Secretary of State share my view that the Chancellor should use more than one tool to get the economy moving? Many people think that he has lost the tool box. What influence is the Secretary of State bringing to bear on behalf of small businesses to nudge the Chancellor into creating greater private sector demand?

Vince Cable: My hon. Friend is absolutely right to stress the crucial importance of small business. As he well knows from the autumn statement, the Chancellor has come forward with ideas about credit easing to make credit more easily available at lower rates to small companies, and we will wait for the Budget to see how that will be elaborated.

Mr Gordon Marsden (Blackpool South) (Lab): Our economy contracted in the last quarter, with small business confidence at rock bottom in the latest Federation of Small Businesses survey, and we teeter on the edge of recession, yet Ministers have lost control of the levers that active government has for growth. Why, 10 months after the first regional growth fund winners were announced, do a third still wait for their money while £1 billion from Europe lies idle? With national apprenticeship week about to start, why are Ministers not, as we have urged them, taking unused money from the growth and innovation fund to expand local schemes for small businesses to take on thousands more young people? Is it not true that today, under this Government, growth is just as glacial as the weather?

Vince Cable: On the specifics, as the hon. Gentleman will know, a third of regional growth fund projects have already started. I am surprised that he picks up apprenticeships as a theme, because we have increased their number by 50% in the last year from the rather depressed levels we inherited. In terms of broad policy, I understand that the hon. Gentleman is standing in this morning for my opposite number, the hon. Member for Streatham (Mr Umunna), who wrote to tell me that he has gone to Germany looking for inspiration. I think the first thing the Germans will tell him is that if he wants sustainable growth, there has to be fiscal discipline.

Roger Williams (Brecon and Radnorshire) (LD): In these difficult times, the food and drink sector is an example of success with year-on-year growth. I commend the report by the Department for Environment, Food and Rural Affairs and UK Trade and Investment entitled "Driving Export Growth in the Farming, Food and Drink Sector", but trade barriers still exist. Will the Secretary of State ensure that such trade barriers are broken down so that this sector can go from strength to strength?

Vince Cable: My colleague is right to stress the importance of the food sector, including food manufacturing. We often talk about advanced manufacturing, but some of the most sophisticated industries are often in those traditional product areas. He is right about the importance of opening barriers. In the European Union context, my team is actively pursuing trade liberalisation with a variety of Asian countries, the Mercosur countries and others. We hope that those agreements will be delivered soon.

Daylight Saving Bill

6. **Hugh Bayley** (York Central) (Lab): What his policy is on the Daylight Saving Bill; and if he will make a statement. [93003]

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): May I first pay tribute to my hon. Friend the Member for Castle Point (Rebecca Harris) for her excellent work on her private Member's Bill? As the House knows, the Government supported the Bill, as amended in Committee. Unfortunately, and as the Leader of the House made clear last week, there is no way the Bill could complete its passage through both Houses in this Session, but it could be taken forwards by a private Member's Bill in a future Session. The Government would not, however, expect to introduce any trial of daylight saving time if there was clear opposition in any part of the UK.

Hugh Bayley: In the *Western Morning News*, the Secretary of State is reported as saying that he is disappointed that the Bill was killed by a handful of Back Benchers who could not see the light, and that he did not rule out Ministers—I repeat, Ministers—finding more time. If the Government are genuinely committed to this measure, as they say they are, and if it is not just warm words and they really want it to happen, will they commit to bring forward a Bill of their own in this Session or the next?

Mr Davey: The Leader of the House explained the problems of doing so in this Session and was equally clear that we would welcome a private Member's Bill in the next Session. This Government have worked harder on this issue than the last one did, and we have made more progress. I would hope for emerging consensus in the House because this Government are making real efforts.

Mr Peter Bone (Wellingborough) (Con): The Minister seems to be trying to face two ways at once. It is quite clear that time could have been made. We have a general debate later today and the time for it could quite easily have been devoted to private Members' Bills. I doubt whether today's business will run the full course. Come on, let's put this Bill back on and let Parliament decide.

Mr Davey: I know my hon. Friend is a huge supporter of the Bill, but the Leader of the House has made clear the problems of getting it through both Houses during this Session, and I am certainly not one to challenge his judgment.

Micro-businesses

7. **Anne Marie Morris** (Newton Abbot) (Con): What steps his Department is taking to support micro-businesses. [93004]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): The Government have already acted to make it easier to start and grow micro-businesses. Action has included cutting corporation tax rates, extending relief from business rates, and introducing a moratorium from regulation for all micro-businesses.

Anne Marie Morris: The Minister is conducting a review of disruptive business models as part of the red tape challenge. Has he considered introducing a new limited liability scheme for sole traders, similar to the limited liability partnership? I believe that such a scheme operates in France, and it would be fantastic to see one like it operating here.

Mr Prisk: I know that my hon. Friend is a real champion of micro-businesses. The Government have focused on practical measures that help the micro-businesses' bottom line, but, as she knows, I am happy to consider the legal issues with her and her all-party parliamentary group.

Dame Anne Begg (Aberdeen South) (Lab): On Friday I attended the opening of a micro-business in my constituency, Little Rembrandt's Café in Ferryhill. That business opened despite the Government and despite the banks, which refused to lend. The owner had to put her own financial security on the line by remortgaging her house. That situation obviously cannot be right, because it is stifling growth in the economy.

Mr Prisk: I understand the hon. Lady's point. Two thirds of small businesses are able to secure the money that they want, but that is no consolation to those who are not. Perhaps I could write to the hon. Lady about the community development finance institutions, which we have been funding and which are well placed to help the kind of micro-business to which she has referred.

Julian Smith (Skipton and Ripon) (Con): When will the call for evidence on making it easier for micro-businesses to part company with their employees begin, and what will be the terms of reference?

Mr Prisk: Not yet, but soon.

Toby Perkins (Chesterfield) (Lab): The Minister was right to describe the hon. Member for Newton Abbot (Anne Marie Morris) as a great champion of micro-businesses. Last week she called for the Government to introduce a VAT cut to 5% on construction, which is part of our five-point plan.

The truth is that the Government are failing Britain's small businesses. They have failed to live up to expectations on regulation, they have failed to persuade the banks to lend to small businesses, and they have failed to get growth into our economy. Why does the Minister keep pretending that small businesses think his policies are working when it is so clear that they are not?

Mr Prisk: There are substantially more small businesses now than there were when we came to office, and they have confidence in what we are doing. We need to support and encourage them, and we will do that. I do not accept the hon. Gentleman's wholly negative analysis.

Executive Pay

8. **Simon Hughes** (Bermondsey and Old Southwark) (LD): What steps he plans to take to address executive pay and reduce rewards for failure. [93005]

The Secretary of State for Business, Innovation and Skills (Vince Cable): Last week I announced a comprehensive package of measures to tackle the disconnect between executive pay and company performance. These proposals will increase simplicity and clarity, give shareholders more effective power through binding votes, increase the diversity of boards and remuneration committees, and encourage employees to be more engaged.

Simon Hughes: In the last few weeks the chief executive of Lloyds TSB, then the chairman of the Royal Bank of Scotland, and then its chief executive appear to have got the message that huge bonuses are not acceptable in this time of austerity. Given that this month we expect both banks to announce significant losses amounting to millions of pounds, how can Government, Parliament and constituents such as mine in Southwark convey the message to the rest of the directors and investment bankers in the publicly owned banks that they too should not have huge bonuses in times of austerity?

Vince Cable: Those two individuals are symbolically very important, but what is much more important is that we have a proper system governing executive pay over the long term, and that is what my proposals were designed to achieve. Bonuses in the banking sector as a whole are now running at roughly a third of the level at which they operated at the peak of the boom when Labour was in power. As for the state-owned banks, my right hon. Friend will know that a set of disciplines is being introduced through United Kingdom Financial Investments Ltd.

Ann McKechin (Glasgow North) (Lab): Does the Secretary of State agree with Will Hutton, the chair of his High Pay Commission, that there should be a definite risk to the basic pay of executives who fail to meet their targets?

Vince Cable: Yes. I have talked extensively to Will Hutton about that. In the proposals that I will bring forward next week, we will introduce the principle of a clawback; that clawback can operate in different ways, and we are certainly looking seriously at one of the ways that Will Hutton has recommended.

Neil Parish (Tiverton and Honiton) (Con): To get to the dizzy heights of executive pay, one must first get a job. What are Ministers doing to reduce the red tape

and bureaucracy relating to apprenticeship schemes for small and medium-sized businesses?

Mr Speaker: That question is fascinating, but sadly it bears absolutely no relation to the question on the Order Paper, so the hon. Gentleman should keep it for the spring, or some other suitable time.

Mr George Mudie (Leeds East) (Lab): In view of the Secretary of State's answers, will he assure the House that he has made representations to the Chancellor and United Kingdom Financial Investments Ltd to make sure that in the RBS last year's practice of giving 323 bankers bonuses in excess of £1 million is not repeated, and that the anticipated payment of £4.5 million to John Hourican, a senior banker in RBS, does not go ahead?

Vince Cable: Of course there is a continuing issue with the scale of bonuses in RBS, but they are vastly reduced from their former level. We are conscious of the issues involved. Many of those people are American traders operating in the United States, but we are conscious that every amount that goes out in bonuses is money that could otherwise have gone to small businesses.

Further and Higher Education

9. **Henry Smith** (Crawley) (Con): What plans he has to facilitate the provision of higher education in further education institutions. [93006]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): The Government see a crucial role for further education colleges in delivering higher education, because demand cannot be enlivened unless supply is diverse, so we are extending loans to part-time students; freeing up controls on student numbers; increasing directly funded places at FE colleges; widening access to higher learning; and changing assumptions about the modes of and access points to learning. It is higher education for the many, not the few.

Henry Smith: I am grateful to my hon. Friend for his answer. Will he join me in congratulating Central Sussex college in my constituency, which last September started a university presence on its campus? It is linking local students—under the previous Government, only 17% of them went on to higher education—with first-class local employers. Of course, he has an open invitation to visit.

Mr Hayes: I am aware of that excellent development, which enjoys the wholehearted support of my right hon. Friend the Minister for Universities and Science, who has done much to encourage the widening of access to higher education. My right hon. Friend will offer some exciting news about additional places when he rises to his feet, because we are determined that everyone, wherever they begin, should have their chance of glittering prizes.

Mr Adrian Bailey (West Bromwich West) (Lab/Co-op): There is very real concern in the FE sector that, arising from the core and margin provisions for higher education and a potential reduction in university places, higher education institutions may claw back provision from FE colleges. What reassurance can the Minister give the sector that that will not happen?

Mr Hayes: The hon. Gentleman is right to draw attention to that risk, and it is absolutely right that, given our ambition to widen access, which I articulated a few moments ago, universities should not engage in anti-competitive practices. The Secretary of State has made it clear that that is not acceptable, and my right hon. Friend the Minister for Universities and Science is taking action to prevent it. We will take a very dim view of universities that are not engaged with our mission to elevate the people through access to learning.

Dr Thérèse Coffey (Suffolk Coastal) (Con): University Campus Suffolk is based in Ipswich, in a neighbouring constituency to mine. One of the challenges it faces is that as it does not award its own degrees, it is not allowed to appear in the league tables, or in other listings that students readily access. Is there something that can be done to remove that element of bureaucracy, so that it can appear alongside any other university?

Mr Hayes: Sometimes, my relentless drive to remove bureaucracy is regarded as excessive, but if that is the charge, I plead guilty. My hon. Friend is absolutely right: we need to make the process as straightforward as possible, and we will take action to do so, partly stimulated by her question and her excellent work in this area.

Shabana Mahmood (Birmingham, Ladywood) (Lab): The expansion of the role of further education colleges in providing higher education is a positive step, but it sits alongside the Government's plans to expand the role of for-profit providers in delivering higher education. Will the Minister tell us whether the Government will bring a higher education Bill to the House later this year, and will he undertake not to introduce regulatory changes that make it easier for for-profits to enter the sector without full parliamentary scrutiny?

Mr Hayes: If I were a less experienced Member of this House, the hon. Lady's erudition and charm might encourage me to make predictions about the Queen's Speech, but it would be quite wrong to do so and I cannot possibly answer that question. What I will say is that the determination on this side of the House to seed opportunity by providing greater access to higher education is a profound one.

Green Investment Bank

10. **Catherine McKinnell** (Newcastle upon Tyne North) (Lab): What recent progress he has made on determining the location of the green investment bank. [93007]

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): In December, the Department invited applications to bid for hosting the green investment bank. The closing date was Monday 30 January, and a total of 32 bids were received. My right hon. Friend the Secretary of State will make a decision shortly.

Catherine McKinnell: Newcastle has submitted an outstanding bid to host the green investment bank, and as a region we have the right mix of natural environment, green expertise, infrastructure and professional services, all supported to grow under the last Government in order to make it a success. However, bearing in mind that we are the region with the highest unemployment levels, to what extent will the Government's commitment to supporting private sector growth, particularly in areas suffering the greatest loss of public sector employment, be a factor in the decision-making process?

Mr Prisk: I do not wish to prejudice the case Newcastle has put forward as one of the applicants. All I will say is that we will look at the points the hon. Lady has raised as part of the criteria for all applicants, and make sure that we can get a decision out by the end of the month.

Economic Growth

11. **Lilian Greenwood** (Nottingham South) (Lab): What recent assessment he has made of prospects for economic growth and their effect on business confidence. [93008]

The Secretary of State for Business, Innovation and Skills (Vince Cable): As I noted earlier, the independent Office for Budget Responsibility forecasts that the UK economy will grow at 0.7% this year and 2.1% in 2013. The OBR states that the intensification of the European sovereign debt crisis has

"doubtless helped to reduce confidence".

Lilian Greenwood: One of Nottingham's Work programme providers recently told me not only that she was disappointed that the future jobs fund had been scrapped, but that local employers were reluctant to invest in apprenticeships because they simply were not confident they would have jobs for the apprentices to fill at the end of the process. Is it not time that this Government admitted that their economic plan has failed dismally, and that they need to adopt Labour's plan for growth and jobs?

Vince Cable: I am very surprised that the hon. Lady gives apprenticeships as the central example of failure, given that apprenticeship numbers have risen by 50% and apprenticeships are extremely popular with young people and employers. This is a success story, and I am surprised she is denigrating it.

Perhaps I should also point to the most recent indicators, which were published yesterday. In the manufacturing sector, which is absolutely critical for recovery, the purchasing managers index suggests a significant recovery in the short run.

Andrew George (St Ives) (LD): The Government had the good sense to award a grant under the regional growth fund to the Goonhilly radio astronomy project in my constituency. That is very welcome, but the implementation of the decision seems rather slow. Will the Secretary of State look into the matter and accelerate the implementation of that project, which will generate many jobs in our local community?

Vince Cable: I am aware of the difficulties associated with that project, which relate to the fact that we are trying to integrate two separate bidders. My hon. Friend knows the practical difficulties, but we will certainly do the best we can to expedite the project.

Mr Iain Wright (Hartlepool) (Lab): The Secretary of State will be aware of the chorus of disapproval at the manner in which the Government have handled the decision on solar power feed-in tariffs. Both the CBI and the Environmental Audit Committee have stated that it has wrecked supply chains and undermined confidence. Erica Robb of Spirit Solar told the Prime Minister last month that "weeks of chaos" have resulted in her having to lay off more than a third of her work force. As the Minister charged with responsibility for growth and co-ordination of industrial policy, what role did the Secretary of State and his Department have in this debacle, and how does the Government's decision help the establishment of a long-term, credible and co-ordinated industrial strategy that supports fledgling sectors and provides the environment for business confidence and economic growth?

Vince Cable: This Department certainly does wish to promote the renewables sector and the supply chains. However, given the history of this problem, the hon. Gentleman will know that the level of subsidy—which I think his Government fixed—was totally unsustainable, and action had to be taken to cap it.

Miss Anne McIntosh (Thirsk and Malton) (Con): Has the Business Secretary had the opportunity to assess the implication of the growing places fund for infrastructure projects such as that relating to the A64 in North Yorkshire? What criteria will apply to selecting such projects, and how can we guide the local enterprise partnership in the right direction?

Mr Speaker: Order. I know that the Secretary of State's reply will relate to economic growth and business confidence.

Vince Cable: That infrastructure fund, which relates specifically to small projects, has proved very valuable and the local enterprise partnerships have an important role in working up those projects. There are set criteria, of which they are well aware, that they must meet.

Job Creation (Scotland)

13. **Jim McGovern** (Dundee West) (Lab): What recent discussions he has had with the Scottish Government on promoting job creation in Scotland. [93011]

The Minister of State, Department for Business, Innovation and Skills (Greg Clark): Ministers in the Department have regular conversations with Scottish colleagues on areas of mutual interest. I have been invited to meet representatives of Scotland's cities to discuss their contribution to the economy and I expect to do so shortly. Much of Britain's future prosperity depends on our cities, including Dundee.

Jim McGovern: I thank the Minister for that response. Job creation is of paramount importance in my constituency in Dundee. Dundee has a highly skilled and highly

educated work force, but despite that fact unemployment figures remain stubbornly high, particularly those for youth unemployment. There is an increasing feeling that that is the fault of both the coalition Government and the separatists in Edinburgh, who seem unwilling to use their powers to promote economic growth—they are too busy pointing their finger at other people for that. Will the Minister make an urgent assessment of how he, working with the Scottish Executive, can improve job creation throughout Scotland?

Greg Clark: I will, but it is fair to point out that, under the Labour Government, youth unemployment increased by 40%, so I think the hon. Gentleman is wrong to imply that that phenomenon has just established itself. He will know that the best and only way to create jobs is on the basis of a successful, stable economy. He will have seen the Institute for Fiscal Studies report yesterday that made it very clear that had the previous Government's plans been in place, borrowing would have been at £76 billion in 2016-17 rather than £26 billion. That would have been disastrous for the credit rating of this country and the interest rates on which job creation depends.

John Stevenson (Carlisle) (Con): Does the Minister agree that one way to create jobs and promote job creation is for cities to embrace the concept of elected mayors and would he encourage the Scottish Executive to do so?

Greg Clark: That is a matter for the Scottish Executive, but my hon. Friend will know that we are debating orders in Parliament to require referendums in the cities of England to give people the choice of whether they should have elected mayors. We would not be doing that if we did not think that elected mayors gave the kind of leadership that London has benefited from considerably through the leadership of the Mayor of London, Boris Johnson, in recent years.

Business Growth

14. **Thomas Docherty** (Dunfermline and West Fife) (Lab): What steps his Department is taking to promote business growth. [93012]

The Minister for Universities and Science (Mr David Willetts): The plan for growth commits the coalition to creating the most competitive tax system in the G20. We will make the UK the best place in Europe to start, finance and grow a business and we will create a more educated work force who will be the most flexible in Europe.

Thomas Docherty: I am most grateful for that answer. Given the vital role of exports in trying to grow our economy and yesterday's disastrous news about Typhoon not being take up by the Indians, will the Minister meet me and other BAE Systems MPs to find out what his Department can do to get behind BAE Systems?

Mr Willetts: Let us be absolutely clear that the Prime Minister, the Secretary of State and I have all been on trade missions to India because we recognise its importance as an export market. British exports are growing by 10% and we will continue to argue the case for Typhoon as an excellent and cost-effective deal for the Indian Government. Of course, Ministers would be very happy to meet employees.

Laura Sandys (South Thanet) (Con): Economic growth has been greatly enhanced in east Kent by the huge amount of work done by BIS for the enterprise zone and the regional growth fund. What more can be done through UK Trade & Investment to promote life sciences internationally and to get inward investment into east Kent?

Mr Willetts: My hon. Friend is absolutely right. Of course, this week is the first anniversary of the announcement by Pfizer that it was planning to close completely its facility at Sandwich. That will now be transformed into a research and business park, not least thanks to the excellent efforts of my hon. Friend. Indeed, Pfizer will be an anchor tenant employing, we believe, 750 Pfizer staff. That shows we can fight back and we can maintain life sciences activity in this country. Through the proposals we set out in December, we aim to increase that.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): If we are to get business growth in our country, we must provide finance. Does not the report that the Minister has just made on the green bank show the truth that we want that sort of bank in each region, particularly in Yorkshire and the Humber? We want a bank for every region that knows the local circumstances and will invest in our regions.

Mr Willetts: I have a lot of sympathy with the argument that overall we need to see much greater diversity in British banking. Indeed, one reason why the Government are implementing the proposals from the Vickers commission is precisely to make it possible to have once more local banks that understand the needs of the local business community and local individuals, but our position on the green investment bank has been made clear by the Secretary of State.

Construction Industry

15. **Heidi Alexander** (Lewisham East) (Lab): What recent assessment he has made of the strength of the construction industry. [93013]

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): The construction industry, as with much of the economy, has come through a difficult period and faces a challenging year ahead but, as ever, in the areas for which I am responsible I offer sunny uplands. Figures published just yesterday show that construction industry apprenticeships for 2010-11 saw an increase of 11.4%—fine words, still finer deeds.

Heidi Alexander: The Minister says that the construction industry faces a challenging year, but it faces a challenging decade. The Construction Industry Training Board points to new research suggesting that employment and output in the construction industry in 2016 will be 5% lower than 2007 levels. Given that the construction industry could be a real stimulant to jobs and growth, will the Minister tell me when the Government are going to come up with policies that actually work instead of ones that just sound good on paper?

Mr Hayes: The figures I just revealed show that the construction is not being hampered by current difficulties but is investing in its future. We know that industry sectors that invest in the future bounce out of the kind of downturn that the industry currently faces. However, I accept what the hon. Lady says and we will go further. As a result of her question and my consideration of these matters, I will, with the CBI and the Federation of Small Businesses, invite the construction industry into BIS to talk about how that boost in apprenticeships can feed the kind of improvements that she seeks and Britain needs. Talking down business is talking down Britain, and that is something we will never do on this side of the House.

Mr Marcus Jones (Nuneaton) (Con): Construction is an important sector in my constituency, but its future very much depends on making sure that we have the skills available to support this sector for the future. Will my hon. Friend set out what actions he is taking to make sure that we support skills in this vital area?

Mr Hayes: As I said, the investment in apprenticeships is critical. No one doubts that construction industry apprenticeships are vital to building the skills the industry needs. I just want to say that no Member of the House has been more doughty in championing the interests of business in his constituency than my hon. Friend. He personifies our determination to boost skills, improve our prospects and build recovery.

Mr Speaker: I am sure the hon. Gentleman is very grateful for the Minister's tribute.

Tuition Fees

16. **Tristram Hunt** (Stoke-on-Trent Central) (Lab): What assessment he has made of the effect of higher tuition fees on the level of university admissions in the next academic year. [93014]

The Minister for Universities and Science (Mr David Willetts): UCAS published figures on 30 January 2012 covering applications to higher education institutions by its main deadline. That independent information shows that the proportion of English school leavers applying to university is the second-highest on record and is higher than in any year under the previous Labour Government. It is also encouraging that applications from people from some of the most disadvantaged backgrounds remain strong. We will continue to monitor closely the data on applications.

Tristram Hunt: I thank the Minister for his answer and draw attention to my interest in this matter, as set out in the Register of Members' Financial Interests. Since this Government's punitive and regressive £27,000 tuition fees have been introduced, university applications for design are down more than 16%, applications for history are down more than 7%, applications for classics are down more than 8% and applications for non-European languages are down more than 21%. Britain has long had a world-class reputation for the humanities; why are this Government so determined to kill it off?

Mr Willetts: I am amazed that the hon. Gentleman could refer to an arrangement under which graduates pay for their higher education only if they are earning more than £21,000 a year as a regressive policy. It is a progressive and fair way of maintaining higher education. Because, unlike him, young people across the country understand that, we have had a very healthy level of applications to universities this year—down only 1% on last year's peak.

Mr Rob Wilson (Reading East) (Con): What assessment has my right hon. Friend undertaken of the impact on admissions of university access agreements supervised, and indeed enforced, by the Office for Fair Access?

Mr Willetts: It is very encouraging that when we look behind the 1% fall in applications overall, it looks as though the fall in applications from prospective students in the most disadvantaged areas is actually only 0.2%. That tells us that the message is getting across, and I pay particular tribute to the efforts of my right hon. Friend the Member for Bermondsey and Old Southwark (Simon Hughes) and the advice we have had from him, and to the work done by OFFA to get that crucial message across.

Pat Glass (North West Durham) (Lab): Higher education applications have collapsed. In teaching, we have a simple way of measuring whether children are learning by rote or are actually learning and understanding: we ask them what would happen next. When the Minister tripled tuition fees and abolished education maintenance allowances, what did he think was going to happen next?

Mr Willetts: I thank the hon. Lady for the advance notice of her question. Contrary to the stories of collapse and disaster, we believe that the fact that applications have fallen only by 1% is evidence that the message that students do not have to pay is getting across, and this summer I shall once more sadly be in the position of having to explain why young people applying to go to university do not have a place. In other words, we have succeeded in explaining the truth about our proposals, contrary to the misleading allegations of the Opposition.

Mr Speaker: I know that the Minister will not be suggesting that any Opposition Member has misled the House. I am sure he is referring to activity outside the House.

Mr Willetts *indicated assent.*

Mr Speaker: I am extremely grateful for that ministerial head-nod, if I can put it that way.

Stephen Metcalfe (South Basildon and East Thurrock) (Con): Will my right hon. Friend the Minister join me in reassuring my constituents that, unlike the views of the Opposition, under our scheme a top-quality university degree will actually cost them only £30 a month when they are earning £25,000 a year?

Mr Willetts: I entirely agree. Indeed, that figure on earnings of £25,000 a year contrasts with payments of £75 a month under the arrangements we inherited from the Labour Government.

Public Interest Declarations

17. **Mr Nick Raynsford** (Greenwich and Woolwich) (Lab): What his policy is on responding to public interest declarations made to him or his Department. [93015]

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): My right hon. Friend the Secretary of State takes seriously any public interest declarations made to him. If a declaration alleges that a company is trading in a fraudulent manner, the Secretary of State can authorise an investigation into the affairs of that company, using powers under the Companies Acts. Such investigations are confidential and it is seldom possible to confirm or deny whether an investigation is in train, but if there is an enforcement action as a result of the investigation, that can be made public. My officials will of course be willing to take further details of the allegations.

Mr Raynsford: I am grateful to the Minister for his answer, and to the Secretary of State for the letter he sent me yesterday in response to my constituent's public interest declaration. I cannot but note that it is only since the question appeared on the Order Paper that his Department appears to have been taking the matter seriously, because the declaration was made in mid-December. Given that it is a serious declaration, involving allegations of unethical and probably criminal behaviour by a significant company, will the Minister ensure that the investigation takes full and detailed evidence from my constituent?

Mr Davey: I am sorry that after the initial e-mail sent just before Christmas there was no substantive follow-up. I apologise to the right hon. Gentleman's constituent, but the Secretary of State has now written to the right hon. Gentleman, as he acknowledged, and I confirm that officials of the Insolvency Service who exercise those powers will now make contact with his constituent as he has requested.

Topical Questions

T1. [93022] **Gregg McClymont** (Cumbernauld, Kilsyth and Kirkintilloch East) (Lab): If he will make a statement on his departmental responsibilities.

The Secretary of State for Business, Innovation and Skills (Vince Cable): My Department has a key role in supporting the rebalancing of the economy and business to deliver growth while increasing skills and learning.

Gregg McClymont: A moment ago, the Minister for Universities and Science referred to student loan repayments, which the right hon. Gentleman will know are deducted at source, which is more than can be said for the extraordinary contract awarded to Mr Ed Lester of the Student Loans Company. Will the Minister explain why he signed off those extraordinary tax avoidance arrangements?

The Minister for Universities and Science (Mr David Willetts): Let me be absolutely clear that this arrangement is set out very clearly in the Student Loans Company annual accounts. If Labour Members had cared to study the report, they would have seen on page 42 a completely transparent account of the arrangements for Mr Ed Lester's reimbursement. It is set out very clearly there. The payments are to the recruitment consultancy company that found him, and he was appointed on an interim basis to tackle a disaster in the SLC that we inherited from the Labour Government. We of course recognise the importance of ensuring that proper arrangements are in place and will continue to monitor the situation, but I can inform the House that we have agreed that, for the remainder of the chief executive's contract, the SLC will account for PAYE and national insurance at source.

T3. [93024] **Mr Peter Bone** (Wellingborough) (Con): Last Sunday I attended Indian republic day at the Wellingborough Hindu Association, yet the same week we learn that a £20 billion fighter contract has been lost to, of all people, the French. We now know that the lead bidder was not the British Prime Minister or the British Government, but the Germans. What on earth do they know about cricket and curries? Why was the British Government not leading on that? How did the Secretary of State allow such a cock-up?

Vince Cable: As was explained earlier, the Prime Minister, the Trade and Investment Minister, I and others have made strong representations to the Indian Government on the merits of BAE Systems for this contract. The hon. Gentleman will know that the contract was narrowed down to two companies on the basis of quality. The Indian Government appear to have made a narrow decision based on price, but this is by no means the end of the process. BAE Systems will have plenty of opportunities to restate its case on quality and life-time costs and we shall reinforce it.

Chi Onwurah (Newcastle upon Tyne Central) (Lab): The Secretary of State has leapt to the defence of the tax deal by which a public servant running the Student Loans Company avoids tax of £40,000 a year. It is a pity that the right hon. Gentleman is not as vigorous in defending the interests of small businesses when it comes to bank lending. Can he confirm, as the Minister implied earlier, that this arrangement will end immediately? Does he agree that when his Government say, "We're all in this together", they mean the tax avoiders and the excessively paid, not the people in businesses who desperately need support in order to get our economy working again?

Vince Cable: My colleague, the Minister for Universities and Science, has already given a very full answer on this issue. When I spoke about it earlier, I should have made it clear that Mr Lester had accepted a pay cut, not a tax cut. In addition, there will shortly be an urgent question on the matter, when any further details can be pursued. As for the wider policy questions, we made it very clear last week that we believe that our reforms of executive pay will radically reduce the rewards for failure and mediocrity in business.

T4. [93025] **Mark Menzies** (Fylde) (Con): I welcome the Government's plan to set up catapult centres. Will the Minister update the House on what progress has been made in setting these centres up?

Mr Willetts: Our proposals for launching the catapult centres are proceeding. We have already announced five technology and innovation centres across the country and will announce the remaining two soon.

T2. [93023] **Ian Lavery** (Wansbeck) (Lab): The Secretary of State is aware of the imminent closure of the Rio Tinto Alcan plant in my constituency. Rio Tinto Alcan said recently that it puts the blame firmly on the Government because of the lack of investment. The £250 million for energy-intensive industries is too little, too late, and there are also the green taxes. Would he care to comment on those allegations?

Vince Cable: Those were certainly not the allegations Rio Tinto Alcan made to me when I met representatives of the company. They made it clear that this was part of a global downsizing of their operations and that many countries are affected by it. I have visited the site and met the hon. Gentleman to discuss this. We are concerned about the future of the labour force, and we sought to help the company through the support for energy-intensive industries. Now that the company has decided to go ahead with closure, we will see what we can do to help the people in the area.

T7. [93028] **Tony Baldry** (Banbury) (Con): What can the Department for Business, Innovation and Skills do to support the more than 1,500 community-led work clubs across the country to help young adults to recognise the apprenticeship opportunities that exist, ensure that further education colleges can provide training opportunities for those out of work, and link in the national careers service?

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I am delighted that my hon. Friend has raised that matter again, as he has done frequently. He has done much work in Banbury in this area. The important thing to do next is to match the businesses to the young people. We can do that by getting businesses into schools and by speed-dating—that is an exciting prospect, is it not, Mr Speaker? We must use all modern media to ensure that young people know about the jobs and opportunities that exist—where they are, what they are and how they can find them.

T5. [93026] **Meg Hillier** (Hackney South and Shoreditch) (Lab/Co-op): Somethin' Else is a design and creation company on Silicon roundabout in my constituency. It employs 65 people and recently produced a film that was shown at the Conservative party conference. Recently, it has been battling with Her Majesty's Revenue and Customs over disproportionate fines for the alleged late payment of tax. That has led to a fine of more than £25,000. Given HMRC's deals with large corporations and the Government's professed support for small businesses, which the Secretary of State has reiterated today, what discussions is the Department having with HMRC and the Treasury to ensure that businesses are aware that it is on their side and that the Government are acting in a joined-up fashion so that punitive tax attacks are not made on small businesses?

Mr Willetts: That is, of course, a matter for the Treasury. The Department is on the side of small businesses. I have visited that business in Tech City and was very impressed with what it does. Tech City, which had about 100 small businesses when the coalition came to office, now has more than 600 small businesses because of our commitment to the area.

T8. [93029] **George Freeman** (Mid Norfolk) (Con): May I, on the eve of national apprenticeship week, congratulate the Minister and the Government on the steps they are taking to increase the number of apprenticeships? I invite him to support the Norfolk Way project, which is giving youngsters work experience and entrepreneurial mentoring. I also invite him to agree with the wonderful words of Galileo Galilei, "We cannot teach people things; we can only help them discover it within themselves."

Mr Hayes: John Clare, who is greatly admired by my hon. Friend, said:

"The best way to avoid doing a bad action is by doing a good one".

Of course, he ended his life near Norfolk. My hon. Friend understated his own involvement in the project that he mentioned; he launched it, but he was too modest to say so. It says here that the project is "determined to nurture the ambition of enterprising young people and to encourage a can-do attitude." I cannot do better than that.

T6. [93027] **Mr William Bain** (Glasgow North East) (Lab): The Government have been sending out mixed messages recently about the extent of their financial commitment to the proposed green investment bank. Will the Secretary of State confirm that the proposed public contribution will be £3 billion as promised and not up to £3 billion, and that the bank will assume its borrowing powers in 2015?

Vince Cable: I can confirm the first part of the hon. Gentleman's question: the £3 billion is fully committed to and there are no mixed messages. On borrowing, it is not merely a question of the date, but of the fiscal position of the country.

T10. [93031] **Damian Hinds** (East Hampshire) (Con): This week's National Audit Office report on apprenticeships shows that for every pound of public money that is invested, there is a return of £18. Will my hon. Friend reassure us that he is taking all reasonable steps to continue the successful growth of apprenticeships?

Mr Hayes: My hon. Friend will know that the figures published this week show a record number of apprenticeships across the whole country, in all sectors and at all levels. What does the NAO report say? As my hon. Friend described, it shows a massive return on public investment. This is success by any measure. By the way—I did not want to emphasise this, Mr Speaker—it also states that our policy is far better managed than was Train to Gain by the previous Government.

Diana Johnson (Kingston upon Hull North) (Lab): How hard did Ministers press the case for British business with their colleagues in the Ministry of Defence, who yesterday produced a written ministerial statement which said that the Government will no longer prioritise UK suppliers when purchasing defence equipment? That is

another kick in the teeth for all of us who are fighting to prevent British BAE Systems jobs from being exported, at a cost of £100 million to British taxpayers.

Vince Cable: Of course we have discussed those issues extensively with the Ministry of Defence, and if the hon. Lady actually reads the statement, she will see that it is absolutely clear that in defence, as in other areas, public procurement will operate on a strategic, long-term basis, not as it did under the last Government when narrow contractual arrangements involved purchases off the peg.

Esther McVey (Wirral West) (Con): Will the Minister support me in establishing a pilot scheme on Wirral bringing female business role models into schools and thereby working towards the coalition's intention of practical, real-life role models?

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): I would be delighted to support that. It is an excellent idea and builds on the work that we are doing to recruit 5,000 new business mentors—real business women, helping those who want to start their own enterprise.

Nic Dakin (Scunthorpe) (Lab): What is the Secretary of State doing to stimulate growth in manufacturing industries, particularly the steel industry, which is so important to UK plc and my constituents?

Vince Cable: As the hon. Gentleman will know, because I have visited his constituency and discussed these issues with him, the steel industry is going through an extremely difficult time not just in the UK, and steel makers have made losses. We are helping them through energy-intensive support, and there are other forms of help such as the regional growth fund and enterprise zones. We are doing what we can to help steel areas that are affected by the current contraction.

Greg Mulholland (Leeds North West) (LD): The one seemingly hopeful part of the Government's otherwise dreadful response on pub companies was the unfortunately named PICAS—the pub independent conciliation and arbitration service. However, hope soon faded when it was revealed that it was to be pubco-funded, and this week it has been announced that it will be chaired by a Punch Taverns surveyor. Does the Minister think that licensees will want to use that supposedly independent body?

The Parliamentary Under-Secretary of State for Business, Innovation and Skills (Mr Edward Davey): I am afraid that as in a number of aspects of this debate, my hon. Friend does not reveal the full details. Rodger Vickers has been appointed with the unanimous support of the board of the pub independent rent review scheme, which includes two members of the Independent Pubs Confederation, the champion of licensees and tenants. I have made it clear to the independent chairman of PIRRS, Mr Brindley, that its efforts to appoint a vice-chair, again with high standing among the licensee community and close links to the IPC, should continue.

Mr Jim Cunningham (Coventry South) (Lab): Will the Secretary of State clarify what is actually happening to the Typhoon contract? There was an implication that it could be renegotiated. If he fails to renegotiate it, will he blame the previous Government?

Vince Cable: There is no question of renegotiation. The Indians have had a pre-selection process, from which the French bid has gone ahead on the basis of price. There is a lot of experience of contracts being reconsidered at the final stage, and at that stage BAE Systems has a very good case to make as part of its consortium. We will support it thoroughly.

Simon Kirby (Brighton, Kemptown) (Con): Although I understand that the Minister does not want to be unfair to other cities, does he agree that Brighton would make a fantastic choice of location for the green investment bank?

Mr Prisk: My only worry is that I did not have the opportunity to travel to all 32 locations and be wined and dined, but I note Brighton's application and we shall have to see.

Emma Reynolds (Wolverhampton North East) (Lab): British Aerospace has a 17% global share, and as such is No. 1 in Europe, but its future depends on not only exports but on investment in research and development. Given that many other Governments in Europe and around the world give more support to research and development than we do, what more can the Government do to help in that vital area?

Mr Willetts: That is why the Government have provided cash protection and ring-fenced the science and research budget, and why in the autumn statement we were able to announce significant increases in funding for the Technology Strategy Board.

Richard Fuller (Bedford) (Con): With no pressure from the Secretary of State for a cut in the jobs tax, no meaningful roll-back of job-destroying red tape, no pressure from him for a cut in enterprise-sapping tax rates and his lauding as a good example the pillorying of people for fulfilling their Government contract, can he advise me of what he is doing to encourage enterprise rather than to discourage it?

Vince Cable: I think my ministerial team have given an extremely good account of the many things that we are doing in that area, starting with an extraordinary cut in the amount of red tape, which I think is the issue that most concerns my hon. Friend.

Several hon. Members *rose—*

Mr Speaker: Order. There is unsatisfied demand, as tends to be the case. I am sorry to disappoint colleagues, but we must now move on.

Tax Avoidance (Public Servants)

11.34 am

Mr Nicholas Brown (Newcastle upon Tyne East) (Lab) *(Urgent Question)*: To ask the Chief Secretary to the Treasury if he will set out the Government's policy on the operation of tax avoidance schemes in the civil service.

The Chief Secretary to the Treasury (Danny Alexander): I am very grateful to the right hon. Gentleman for giving me the opportunity to set out the answer to this question. As hon. Members might be aware, departmental public spending encompassing the appointment of senior civil servants is audited against the Treasury's "Managing Public Money" guidance. That document makes it clear that

"public sector organisations should avoid using tax advisers or tax avoidance schemes as any apparent savings can only be made at the expense of other taxpayers or other parts of the public sector."

There is no place for tax avoidance in Government.

A recent case has highlighted those issues, and although I cannot comment on the specifics of an individual's tax affairs, for reasons of which the right hon. Gentleman will be fully aware, I want to take the opportunity to explain the action that I have taken.

As hon. Members are already aware, for senior civil service appointments whose salary exceeds £142,500, terms and conditions are negotiated by the appointing Department and are presented to me for approval of the salary. Those arrangements are in place to control excessive pay.

In the light of that recent case, I have asked the Treasury urgently to review the appropriateness of allowing public sector appointees to be paid through that mechanism—*[Interruption.]* I have also asked the Treasury Officer of Accounts—*[Interruption.]*

Mr Speaker: Order. I granted this urgent question because I thought it warranted ministerial comment and scrutiny by the House. The House can rely upon me to ensure that there is plenty of time for Back Benchers, but as a matter of procedure, propriety and courtesy, we must hear what the Chief Secretary has to say, preferably without constant interruption and heckling.

Danny Alexander: I am grateful, Mr Speaker.

As I was saying, I have also asked the Treasury Officer of Accounts to write to all accounting officers across Whitehall to remind them that all appointments should, in line with existing guidance, consider the wider cost of lost revenue to the Exchequer when considering value for money.

Furthermore, I have requested that all Departments carry out an internal audit by the end of March. As my right hon. Friend the Minister for Universities and Science has said, the Student Loans Company will for the remainder of the contract in question change the arrangements and deduct tax and national insurance at source. Across Government, if any appointments that do not provide value for money are found, whether agreed by this Government or the previous one, I have urged Departments to seek to unwind them as quickly as possible and as quickly as is compatible with securing good value for public money.

At a time when we all have to pull in the same direction to tackle the country's financial problems, it is essential we all pay our full and fair share. That is why I have taken this action to ensure that Government Departments do not support tax avoidance schemes.

Mr Brown: May I point out to the Chief Secretary to the Treasury that the chief executive of the Student Loans Company is the accounting officer? Perhaps the Chief Secretary can tell the House what sort of reply he expects from that accounting officer when he writes to him.

It is reassuring that the Chief Secretary told the House that national insurance and income tax will be paid in future, but the purpose of those arrangements was to avoid paying income tax and national insurance. When considering those arrangements, did he consider the demoralising and corrosive effect that such an arrangement must have on the rest of the public service? What fees are paid by the Department to the service company that is laundering that money? The loss is to the Exchequer and not to the Department's budget, in which I would have thought the Chief Secretary would take an interest.

The Chief Secretary says—I support him in this—that he will now, belatedly but correctly, scope how many such arrangements there are in the public service. When his investigation is completed, will he put the facts—all of the facts—in front of the House of Commons? Given the controversial nature of those arrangements, will he tell the House whether the Cabinet Secretary approved them, and whether the Prime Minister, the Deputy Prime Minister and the Secretary of State for Business, Innovation and Skills, which is the Department responsible for the Student Loans company, were explicitly aware of those arrangements and whether they explicitly agreed to them?

Danny Alexander: I am grateful for the right hon. Gentleman's support for the action that I have taken in respect of this case. He is right that accounting officers of organisations are responsible for implementing the "Managing Public Money" guidance. That is why the Treasury Officer of Accounts is contacting all such officers within the Government as we speak. I look forward to seeing the responses, including from the range of individuals to whom he referred.

As I said in my response to the right hon. Gentleman's original question, my responsibility in such matters is with regard to the salary level. In this case, I reduced the salary level and amount of expenses paid under the contract, the details of which were the responsibility of the Student Loans Company and the Department for Business, Innovation and Skills. I was not made aware of any tax benefit to any individual as a result of this case, which is precisely why I have put in place the arrangements for the review that I have set out.

I can tell the right hon. Gentleman that I would of course want to update the House on the results of that review when it is completed, and I look forward to having a further opportunity to discuss the matter with him.

Mr Richard Bacon (South Norfolk) (Con): May I say how much I welcome the Chief Secretary's urgent review? There has been too much of this going on; there was certainly a similar case involving the chief operating officer of the Rural Payments Agency, who was appointed in an interim way under the previous Government, which should not have happened. May I invite the Chief Secretary, in the spirit of the coalition, to say whether he agrees with the former leader of the Conservative party, Michael Howard, who is now in another place, when he said:

> "Special rules for special...groups breed anger and division. They blur the distinction between right and wrong. And they give the impression that some people are above the law"?

Danny Alexander: I am grateful for the hon. Gentleman's support for the action I have taken. I was not aware of the example he gave in relation to the Rural Payments Agency. Of course, if other such cases still exist in other parts of Government, that is something the review I have instituted will bring out. I do agree with the statement the hon. Gentleman read out, which is why the Government have taken a series of strong steps—much greater steps, frankly, than the previous Government—to deal with tax avoidance and make sure that everyone pays their proper amount of tax.

Margaret Hodge (Barking) (Lab): I welcome the commitment that has been made to review the arrangements relating to this individual and to review whether such things happen anywhere else across Government. Will the Minister agree to publish the complete list of senior civil servants whom the Government pay through companies when he completes his review by the end of March? In particular, will he report to the House on the role of Her Majesty's Revenue and Customs in authorising the arrangement with this individual? Will he also report to the House on why the Cabinet Secretary appears to have authorised it? Will he ask officials about, and report to the House on, why a contribution to this particular individual's pension was also agreed?

Danny Alexander: First, I am grateful for the right hon. Lady's welcome for the action we are taking on this issue. As I said in answer to the original question, I will certainly make available to the House, and indeed to the Public Accounts Committee, if she is interested to follow the issue through that route, too, the results of the inquiry that we have set out and the information on the number of individuals—if there are any others—who are paid under similar arrangements. As I have also said, if there are such arrangements in other places, Departments have actively and urgently to consider unwinding them and making sure that proper arrangements are put in place so that people pay their full share of tax.

There will be opportunities for the right hon. Lady's Committee to scrutinise the role of HMRC and the Cabinet Secretary in these issues, if it wishes to. It is a matter of public record that the Cabinet Secretary signed off these arrangements. The original arrangements were put in place before I was appointed Chief Secretary, but the salary was brought to me when the appointment was turned from an interim one into a temporary one for two years, which is what the arrangements now are. I am delighted that my right hon. Friend the Minister for Universities and Science has decided, through the Student Loans Company, to make sure that these arrangements apply no further in this case.

Lorely Burt (Solihull) (LD): Will my hon. Friend confirm that the urgent review will also investigate the terms of appointments made by the previous Government?

Danny Alexander: Yes, I said that in answer to the original question. The cases that are brought to me are cases in which the level of pay is in excess of £142,500. Of course, the review will look not just at those cases, but, potentially, at the cases of people on lower salary levels. Appointments that are currently in operation may well have been put in place under the previous Government. I do not know that there are any; that is why I have instituted a review, and we will see in due course what that brings forward. As I say, I will be happy to share that information with the House.

Shabana Mahmood (Birmingham, Ladywood) (Lab): The Government have a duty to ensure that everyone pays their faire share of taxes. They should be especially careful when making senior appointments themselves. At a time when the economy is flatlining, families are being squeezed and students are facing the tripling of tuition fees, the news that Ministers approved the contract of a senior official that allowed tax and national insurance to be avoided shows just how out of touch they are.

There are several important questions that the Chief Secretary must answer. When he approved the contract, did he ask about the tax and national insurance implications of employing Mr Lester on this basis? Did HMRC approve the arrangement after Mr Lester was appointed chief executive on a permanent basis, or only when he was the interim chief executive? Does the Chief Secretary know how much tax and national insurance has been avoided by these arrangements? Has he now withdrawn his approval of Mr Lester's contract, and is it being redrawn? How many other senior appointments have the Government made on these terms? Surely the right hon. Gentleman will know how many he has signed off. If he does not know, is it not time that he started asking questions of his colleagues and defending the interests of taxpayers?

The Government's handling of higher education has been disastrous. This week, we have heard that their tripling of fees and botched reforms have cut applications to university, and before Christmas the Public Accounts Committee criticised HMRC for its cosy relationship with big business. There will be great concern if it turns out that the Government have turned a blind eye to tax avoidance. I look forward to the Chief Secretary's answers about what seems to be a Treasury-backed tax dodge, and to a full investigation into the facts of the case.

Danny Alexander: I agree with the hon. Lady's first remarks: of course we have a duty to ensure that every individual pays their fair share of tax. That is why the Government have done much more to tackle tax avoidance than Labour ever did during its 13 years in office.

The hon. Lady asked some important questions. I was not made aware, when approving the salary level for this post, of any tax benefit to the individual concerned. As I said earlier, the initial interim arrangements were approved before my time as Chief Secretary. I was

[Danny Alexander]

involved in the re-appointment. As far as I am aware, having looked through the cases, of the 180 appointments with salaries of more than £142,500 that I have approved as Chief Secretary, this is the only one to which such arrangements apply. That does not mean, however, that there are not similar existing arrangements for people appointed under the previous Government or for those with lower salary levels. That is why I have implemented the review that I have set out to the Chamber. I am sorry that she did not feel able to welcome that step. I would have thought that she would have. As I have said repeatedly, however, I will happily bring the information that we unearth back to the House.

Several hon. Members *rose—*

Mr Speaker: Order. There is much interest in this subject, and if I am to accommodate it, brevity is required in both questions and answers.

Conor Burns (Bournemouth West) (Con): Does my right hon. Friend understand that those genuinely working on the front line in the public sector will find these revelations obscene? When his review is complete, will he be able to tell us when such practices first entered the public sector, and whether it was under this Government or the previous one?

Danny Alexander: I well understand why people would see it that way—frankly, I see it that way myself. It is interesting that already today we have heard one example, from my hon. Friend the Member for South Norfolk (Mr Bacon), who is a member of the PAC, of a similar arrangement made under the previous Government. Of course, the review will not look back on arrangements that have now been discontinued, but will look at those currently in existence in the public sector in order to ensure that everyone pays their fair share of tax. I know that my hon. Friend the Member for Bournemouth West (Conor Burns) will strongly agree with that.

Mr Gareth Thomas (Harrow West) (Lab/Co-op): In December, I tabled a round robin question to every Department asking whether senior staff in Departments, Executive agencies and non-departmental public bodies were

"paid by means of payments to a limited company".

On 5 December, the Under-Secretary of State for Business, Innovation and Skills, the hon. Member for Kingston and Surbiton (Mr Davey), who has responsibility for consumer affairs, replied on behalf of BIS:

"The Department's policy is that staff salaries are paid into employees' bank accounts."

He also wrote that

"there is no evidence that any senior civil servants in the Department for Business Innovation and Skills and its non-departmental public bodies are paid by means of payments to a limited company in lieu of a salary."—[*Official Report*, 5 December 2011; Vol. 537, c. 152-3W.]

Why did they get it wrong, and why did I not get an answer from the chief executive of the Student Loans Company?

Danny Alexander: That answer described the arrangements as I understood them until I received information about this case in the past few days. The inquiry that I have put in place will reveal whether any more of these arrangements exist elsewhere in Government.

Mr David Nuttall (Bury North) (Con): Does the Minister accept that, regardless of whether someone is employed in the public or private sector, tax avoidance—otherwise known as tax mitigation—is actually legal, whereas tax evasion is illegal?

Danny Alexander: Yes, the hon. Gentleman is absolutely right on the point of fact. It is fair to say that this Government have taken strong action to deal with both tax avoidance, where we wish to remove schemes that people use to minimise the amount of tax they pay, and tax evasion, which, as he says, is illegal. We announced an initial £900 million in the spending review for HMRC to invest for that purpose. As a result, we are, for example, quadrupling the number of court cases for tax evasion, to ensure that we make an example of people.

Julie Hilling (Bolton West) (Lab): At this time of austerity, when the poor are being made to suffer for the behaviour of the rich, is the right hon. Gentleman ashamed that his Government have failed to do anything to stop such tax avoidance? What will he do to close that loophole across all taxpayers?

Danny Alexander: I think a better way to characterise what is going on in the economy at the moment is that the whole country is being made to pay for the mistakes made by the previous Government. I have already set out the action that we taking. An urgent review is taking place, both in Departments and through the Treasury, which I put in place because I take such matters incredibly seriously. That review is of a piece with the enormously wide range of action to tackle tax avoidance and tax evasion that has been put in place by this Government. As just one example, the high net worth individuals unit was not put in place by the previous Government until they had been in office for 12 years. That was 12 years of inaction on tax avoidance in that part of the population. Contrast that with the record of this Government and we see a coalition Government who view making sure that everyone pays their fair share of tax with the utmost seriousness.

Claire Perry (Devizes) (Con): I think there is a word, Sir, for the mock indignation on the Opposition Benches, but as I was reprimanded for anti-parliamentary language previously, I will not say it today. Will my right hon. Friend please set out what specifically we are doing about tax avoidance in foreign domiciles, which is an equally important issue?

Danny Alexander *rose—*

Mr Speaker: Order. I should just emphasise that the right hon. Gentleman will want to focus specifically on the terms of the urgent question, and I know that that is what he will do.

Danny Alexander: The question is a broad one about tax avoidance in Government. There are Government employees in other jurisdictions, and I am sure that the measures we have taken—for example, in relation to Switzerland and Lichtenstein, the non-dom levy that we have put in place, and so on—will ensure that any practices that might have been in place in the past no longer occur.

Simon Danczuk (Rochdale) (Lab): My understanding is that a service company managed the arrangement for Mr Lester. Can the Minister tell the House what fees were paid to that company?

Danny Alexander: I cannot give a detailed answer about the fees paid to that company. My understanding of the arrangement that was in place is similar to that which the hon. Gentleman has described.

Mr Rob Wilson (Reading East) (Con): I know that the Chief Secretary well understands that there is a question of fairness at the heart of this issue for all public sector employees, so should we not either allow all employees of the Government the same advantages of tax efficiencies, if legal, or stamp out such practices altogether, right across the public sector?

Danny Alexander: I would not agree with the hon. Gentleman that such arrangements should be put in place for every public sector employee. The review that I have put in place is precisely designed to root out such arrangements across Government.

In answer to the earlier point, I gather that the fees that the hon. Member for Rochdale (Simon Danczuk) asked about are set out in the Student Loans Company annual report, which is available publicly, so he may wish to avail himself of a copy.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): We all know, if we are honest, that the administration of student loans had been a mess for years. However, the fact is that this man was appointed on a higher package of emoluments than the Prime Minister. Why was that?

Danny Alexander: What we had was a situation where, as the hon. Gentleman rightly says, for many years—including for many years under the previous Government—the Student Loans Company was in a mess. This man was brought in to run it, and in fairness I think it is widely agreed that he has done a good job of turning it around. In the context of this conversation, I hope that the hon. Gentleman would also recognise that.

Mr Peter Bone (Wellingborough) (Con): I do not think there is a problem with what was set up; the problem is that the Inland Revenue allowed it to happen. I do not understand how such a contract can be awarded to somebody working full time. Unless there was some agreement to the avoidance scheme by the Revenue, it is not the law that is wrong, but the interpretation by the Revenue.

Danny Alexander: It is precisely those sorts of issues that the review will seek to examine and properly understand, and I am sure that the Public Accounts Committee might wish to take an interest in that issue.

Mr Alan Campbell (Tynemouth) (Lab): Will the urgent review extend to the top salaries of people employed in local government?

Danny Alexander: I have so far written to Cabinet colleagues for salaries in central Government, and the Treasury Officer of Accounts has written to accounting officers in central Government, but I will take that suggestion away and discuss with my right hon. Friend the Secretary of State for Communities and Local Government whether that particular extension would be appropriate.

Simon Hughes (Bermondsey and Old Southwark) (LD): The Chief Secretary has always been very robust in dealing with tax avoidance and tax evasion. May I seek an assurance that the Government's policy will be what all those who have submitted their tax returns in the past few days want, namely to ensure that everybody in the public service, from the Cabinet Secretary downwards, and in local government service, pays normal tax like the rest of us, in a normal way, with no funny business on the side?

Danny Alexander: My right hon. Friend is absolutely right that we need to be robust about these matters. Frankly, I think this Government have been a great deal more robust on tax avoidance and tax evasion than our immediate predecessor. I certainly agree with the principle that he annunciates, which is that we need to ensure that everyone pays their fair share of tax and that arrangements are not put in place that are in breach of the guidelines that I set out earlier, which specifically say that arrangements to avoid tax for individuals should not be put in place.

Mark Durkan (Foyle) (SDLP): Can we really have any remedy to such scandalous devices without restitution? Will any review by Revenue and Customs have an eye to possible recovery?

Danny Alexander: As I said, the arrangement has been ended by the Student Loans Company in this case, as my right hon. Friend the Minister for Universities and Science has said. The review that I have undertaken is looking at the degree to which such practices are prevalent across the rest of Government. I have not given any consideration to the question of restitution, but I shall certainly do so in the light of the hon. Gentleman's question.

David Mowat (Warrington South) (Con): Will the Chief Secretary confirm that his review will include all parts of the public sector, including, for example, the BBC, in which daily rates are quite prevalent?

Danny Alexander: The review that I have put in place covers all central Government Departments and their non-departmental public bodies. I will have to get back to the hon. Gentleman on whether that includes the BBC, but I can see the point he is making.

Mark Tami (Alyn and Deeside) (Lab): What message does the Chief Secretary think this arrangement sends to ordinary taxpayers in the public sector?

Danny Alexander: I do not think it sends a very good message. That is why we have ended the arrangement and why I have put in place a review to ensure that any other such arrangements, put in place by either this Government or our predecessors, is unearthed and that appropriate action is taken.

Brandon Lewis (Great Yarmouth) (Con): Bearing in mind that what has happened is, technically, entirely legal, as my hon. Friends have noted, and that this issue

[Brandon Lewis]

is a matter of what the Government feel is right in policy terms for Departments to do, can my right hon. Friend outline what safeguards, regulations or guidelines from the previous Government he has found in his early investigations that were designed to ensure that such practices do not happen in Departments?

Danny Alexander: There are strict guidelines from the Treasury that have been in place for some time, which are set out in the document "Managing Public Money", the most recent edition of which was published in October 2007. I quoted the relevant section in my answer to the original question from the right hon. Member for Newcastle upon Tyne East (Mr Brown). The important thing is that Departments, and indeed accounting officers, understand that it is their responsibility to ensure that the rules for managing public money are followed in every case, and I regard it as my responsibility as Chief Secretary to ensure that they are.

Chris Bryant (Rhondda) (Lab): Clearly two Ministers were involved in the decision—the Minister for Universities and Science and the Chief Secretary—but so far the Chief Secretary has used practically every Murdoch excuse in the book: "I didn't know the detail," "Nobody showed me exactly what was going on," and all the rest of it. Will he publish the precise documents that he and the Minister for Universities and Science signed off, so that the public can make a decision about whose responsibility it is?

Danny Alexander: The hon. Gentleman might not have caught up with this, but a great deal of information has already been released on this issue under the Freedom of Information Act, which is precisely how it has come to my attention and that of others. As I said, my role in such matters is to sign off the salary arrangements and ensure that they are appropriate, given the level of salary in place. As I said at Treasury questions a few days back, in the 83 cases in which I have been involved where a previous post holder has been in place, I have reduced the salary substantially in 45 cases and frozen it in a further 23.

Andrew George (St Ives) (LD): Although my right hon. Friend has already covered this matter to an extent, will he tell me what effective measures he inherited, and if they were inadequate, what action he took to put them right?

Danny Alexander: As I have said, the terms and conditions of appointments are negotiated by the appointing Department. I have a responsibility to control the salary levels in these sorts of cases, which I discharged in this case. I was not aware of any particular tax benefit to the individual involved. The arrangements in relation to tax avoidance and tax evasion that we inherited were not robust enough, and that is why we have taken significant steps to tighten them up, to ensure that we get the maximum amount of money from people across society. As several hon. Members have said, that is particularly important, given the difficult economic circumstances in which we find ourselves.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): As my hon. Friend the Member for Rhondda (Chris Bryant) has pointed out, the Chief Secretary to the Treasury has repeatedly denied knowledge of this arrangement, yet we know from "Newsnight" that the Minister for Universities and Science, the right hon. Member for Havant (Mr Willetts) signed off the deal. Will the Chief Secretary acknowledge corporate responsibility across Government and, despite all his protestations now, acknowledge that it was signed off by the Government?

Danny Alexander: As was revealed on "Newsnight", and as I have said, a number of Departments were involved in this—the Cabinet Office, and so on. What I am trying to do now, through the review that I have put in place, is to ensure that these arrangements are not repeated in the future, and that any existing arrangements approved by this Government or the previous one are dealt with.

Alun Cairns (Vale of Glamorgan) (Con): Is not the root of this issue based in the complex tax structure that has grown up over the past 15 years or so? What reassurance can the Chief Secretary to the Treasury give the House that such issues will be rooted out during the tax simplification review?

Danny Alexander: My hon. Friend makes an important point. It is precisely the complexity of the tax system that creates some of the opportunities of which many people take advantage. That is why we have created the Office of Tax Simplification, which continually makes recommendations for ways in which we could simplify the tax system and tackle some of the avoidance schemes. The very complicated tax arrangements that we inherited are gradually being changed by this process, which is in the best interests of the country.

Paul Flynn (Newport West) (Lab): Will the Chief Secretary to the Treasury be the first Minister to accept responsibility for the conduct of the coalition in creating an "ineptocracy" of greed?

Danny Alexander: I am not quite sure how that relates to the question on the Order Paper today. I do not accept that description of what the coalition is doing. We are cleaning up the terrible economic mess that we inherited from Labour, and we are doing so in a way that is fair and that asks those with broader shoulders to bear the greater share of the burden. Frankly, if the hon. Gentleman's party had not made such a mess, the country would not be in this position.

Miss Anne McIntosh (Thirsk and Malton) (Con): Will the Chief Secretary to the Treasury extend his review to cover the culture of bonus payments that has built up? Is he aware, for example, that the chief executive officer of the Rural Payments Agency is being paid a bonus for the work that he did while presiding over the Child Support Agency? Will my right hon. Friend root out this culture of bonus payments for poor performance, when they are simply not warranted?

Danny Alexander: My hon. Friend has raised an important point, although it will not necessarily fall within the scope of the review, which will look at the

specific arrangements that we are discussing. However, we have substantially reduced the bonus payments to many individuals and the total amounts available in Departments' bonus pools. That is the right approach. Of course, we also need to ensure that good performance is properly recognised at all levels in the public sector, and that is what the arrangements that we have in place do.

Mr Dennis Skinner (Bolsover) (Lab): Which Minister is going to carry the can for this mess?

Danny Alexander: Well, I am here answering questions about it, and that is appropriate, given that the question was a general one about tax avoidance, which I am very pleased to answer.

Jeremy Lefroy (Stafford) (Con): I welcome the Chief Secretary to the Treasury's announcement today, and the robust action that the Government are taking against tax evasion and tax avoidance everywhere. They are certainly doing more than the previous Government did. Will he extend his review to cover the extraordinary salaries paid by NHS trusts up and down the country?

Danny Alexander: I am grateful to my hon. Friend for welcoming the tough action that we have taken in this case. I have contacted the Secretary of State for Health and the accounting officer in the Department of Health to ask whether any such arrangements apply in the areas for which they are responsible.

Jonathan Ashworth (Leicester South) (Lab): I welcome the review that the Chief Secretary to the Treasury has announced, but why did it not occur to him to launch such a review when he was asked to sign off this deal? Secondly, he said that he was not aware of the tax benefits to the individual involved, yet a BIS spokesman said last night:

"Details of the arrangement were transparent throughout".

The right hon. Gentleman will presumably have received a submission from officials. Will he put that submission in the Library? At what point did the Minister for Universities and Science know about the tax benefits to the individual? Will all the submissions that the right hon. Gentleman received be put in the Library as well?

Danny Alexander: I am grateful to the hon. Gentleman for generously welcoming the steps that we have taken to deal with this issue. As I said in my statement, and in answer to several questions, I was not made aware of any tax benefit to any individual in this case. There is a great deal of information in the public domain that has been released under freedom of information, and I would urge him to study it.

Mr George Mudie (Leeds East) (Lab): So, is the Chief Secretary to the Treasury actually telling the House that the information passed to him when clearing the arrangement did not include details relating to the unusual aspects of the case, and that they were withheld by the Minister for Universities and Science?

Danny Alexander: No, I am not saying that at all. What I am saying is that the arrangements were put in place by the Department for Business, Innovation and Skills. Terms and conditions of employment are a matter for individual Departments. My role is to sign off the salary level for appointments paying over £142,500. As I have said in answer to several questions, in this case we reduced the salary and the expenses payments. I think that that was an appropriate response to the information that I was provided with.

Bill Esterson (Sefton Central) (Lab): Who signed off the tax avoidance measures in this deal?

Danny Alexander: I think the hon. Gentleman should be careful about how he characterises these arrangements, given that they are currently subject to a review.

Mr Dave Watts (St Helens North) (Lab): On a day when another 100 of my constituents have lost their jobs because of the failed economic policy of this Government, how does the Chief Secretary to the Treasury think those people will feel about the Government allowing tax dodges, and allowing Ministers to take no responsibility for their actions? When are the Government going to come clean?

Danny Alexander: I suspect that they will feel, as I do, that urgent action needs to be taken. We have changed the arrangements in this case, and the review will root out whether any other such arrangements were put in place either under this Government or when the hon. Gentleman's party was in office. He should wait carefully for the results of the review.

Helen Jones (Warrington North) (Lab): The Chief Secretary to the Treasury has still not answered the question, so I shall put it to him again. Which Minister or Ministers signed off this tax avoidance scheme, and on what date?

Danny Alexander: I have made clear the answer to that question throughout my statement. I am responsible for signing off the salary level for appointments over £142,500, and I discharged that responsibility in this case.

Nick Smith (Blaenau Gwent) (Lab): Yesterday's *Financial Times* reported: "Treasury beset by exodus of top staff". Officials have also reported that the Treasury's staff turnover rate is now "higher than McDonald's". Can the Chief Secretary to the Treasury ensure that there will be sufficient firepower at the Treasury to thoroughly scrutinise tax avoidance across Government, and did the Minister for Universities and Science, the right hon. Member for Havant (Mr Willetts) agree to this arrangement?

Danny Alexander: It is precisely for the reason that the hon. Gentleman suggests that, in the spending review, we announced an additional £900 million for Her Majesty's Revenue and Customs to enable it to focus attention specifically on tax avoidance and tax evasion. I very much hope that he welcomes that decision.

Diana Johnson (Kingston upon Hull North) (Lab): Does the Chief Secretary to the Treasury regret not having asked more questions when he was asked to sign off this deal?

Danny Alexander: As I have said, I signed off the salary level for the appointment. I reduced it significantly, and reduced the expenses paid under the arrangement. As soon as the fact that there was a potential tax benefit to an individual was given to me, in the last few days, I took the action described, including writing round to Cabinet colleagues on Tuesday.

Thomas Docherty (Dunfermline and West Fife) (Lab): Given that this is the Chief Secretary to the Treasury's third and last chance, will he now tell us which Minister or Ministers signed off the tax arrangements on this deal?

Danny Alexander: I can tell the hon. Gentleman what I have said already. I signed off the salary level in this case. The terms and conditions of the appointment were put forward by the Student Loans Company in the Department for Business, and came to me for approval in the usual way, given the salary level that was being proposed.

Mr Speaker: Order. I am grateful to the Chief Secretary to the Treasury, the Opposition Front-Bench team and the 34 right hon. and hon. Members who were able to question the Chief Secretary. *[Interruption.]* The hon. Member for St Helens North (Mr Watts) is thirsting to raise a point of order, but I am afraid he will have to wait until after business questions.

Business of the House

12.10 pm

Ms Angela Eagle (Wallasey) (Lab): Will the Leader of the House please give us the business for next week?

The Leader of the House of Commons (Sir George Young): The business commencing 6 February will be:

MONDAY 6 FEBRUARY—Second Reading of the Financial Services Bill.

TUESDAY 7 FEBRUARY—Opposition day (un-allotted day) (half day). There will be a debate on responsibility and reform for British banks. This debate will arise on an Opposition motion. It will be followed by a motion relating to metal theft. The subject for this debate has been nominated by the Backbench Business Committee.

WEDNESDAY 8 FEBRUARY—Motions relating to the police grant and local government finance reports.

THURSDAY 9 FEBRUARY—General debate on Somalia.

The provisional business for the week commencing 20 February will include:

MONDAY 20 FEBRUARY—A debate on Iran. The subject of this debate has been nominated by the Backbench Business Committee.

Ms Eagle: I thank the right hon. Gentleman for his statement. I commended him last week for announcing three days of actual Government business. Clearly exhausted after their exertions, next week the Government are to manage only a paltry one day of legislative business.

A few weeks ago, when I asked the Leader of the House for the date of the Queen's Speech, he promised it "in due course". On Sunday, *The Independent on Sunday* announced that the Queen's Speech was delayed because the Government needed "more time" to secure their legislation. Given the Government's incompetent handling of the legislative programme, if we have to wait for them to get their act together, we will not have a Queen's Speech this year at all. Government business managers might find a deadline helpful, so will the Leader of the House finally tell us the date of the Queen's Speech?

May I suggest to the right hon. Gentleman that one way to end the legislative logjam and enable the Government to get around to having a Queen's Speech this year would be to drop the Health and Social Care Bill? This week, the *British Medical Journal*, the *Health Service Journal* and *Nursing Times* called for the Bill to be dropped because the NHS was

"far too important to be left at the mercy of ideological and incompetent intervention".

The Prime Minister has told Ministers that he wants "less and better legislation", yet last night the Government put down another 136 amendments to the Health and Social Care Bill—adding to the 1,800 already tabled. Does the Prime Minister actually know what is going on with his own Health and Social Care Bill? Can the Leader of the House find time for a debate on the NHS to give the Prime Minister the opportunity to inform himself on what the Government are doing and to give the Health Secretary the opportunity to come to this House to announce that he has finally seen reason and will drop this disastrous Bill?

I note that the Prime Minister did not tell his Ministers that he wanted fairer legislation. Yesterday, the Government voted to cut support for disabled children; they voted to cut support for people recovering from cancer; and they voted for a crude cap that even the Secretary of State for Communities and Local Government says will increase homelessness. Can the Leader of the House find time—again, he has plenty of it—for a debate on fairness? That would give Ministers the opportunity to explain why, when they are cutting support for those who have the least, all we have had from the Prime Minister about the excessive rewards for those who have the most is pointless press releases.

The Chancellor, who has not been seen at the Dispatch Box since mid-December, is fond of saying, "We're all in this together." Will the Leader of the House explain, then, how this Government can triple student fees, leading to an almost 10% drop in university applicants, at the same time as they sign off a tax dodge for the chief executive of the Student Loans Company, which saves him tens of thousands of pounds a year? Will the Leader of the House explain, since the Chief Secretary to the Treasury did not, how that can be fair? While he is at it, will he explain which Minister was aware of this issue and went ahead and approved it?

Will the Leader of the House explain how it is fair that the Government did nothing to stop the chief executive of RBS taking a £1 million bonus and why it took the threat of an Opposition motion to put a stop to it? What have the Government been doing? If the Leader of the House could find time for a debate on fairness, perhaps the Deputy Prime Minister could lead it. There has been no sign of him explaining in public why the Liberal Democrats did nothing to stop bankers awarding themselves multi-million pound bonuses, yet voted to cut support for those who have the least.

The Deputy Prime Minister did pop into the Chamber for the European statement earlier this week—at least he turned up for some of that one, although he was too busy sulking to turn up in December. On that occasion, the Prime Minister told this House there would be absolutely "no way" other European Governments would be allowed to use EU institutions to enforce a fiscal compact. He said "no way", as he had vetoed it. This week, the Prime Minister slunk back to announce that EU institutions would be allowed to enforce it after all, but it was all right because he was going to be watching them "like a hawk". Who is he kidding? The only thing the Prime Minister watches "like a hawk" is the news cycle. We have a veto that has been un-vetoed to a treaty that is not a treaty—it is like the mad hatter's tea party.

Sir George Young: Three of this week's four days have been on Government business, on Monday we have the Second Reading of the Financial Services Bill, and on Wednesday we will deal with the local government and police grant orders, without which no local authority will get its funding next year. I hope the hon. Lady agrees that that is important legislation. There is an Opposition debate on Tuesday—I hope she is not going to describe that as "thumb-twiddling", as she said last week. Next Thursday we have an important debate on Somalia, which some Opposition Back Benchers have asked for. I hope she will not be so dismissive about the House of Commons programme.

As for the Queen's Speech, the date will be announced in due course in the usual way—a response with which the hon. Lady may be becoming familiar. There is legislation still to get on to the statute book. On the one hand, she wonders why things are taking so long, but on the other hand I am constantly being asked for more time for debates. At some point, the shadow Leader of the House will have to work out whether the Government are pushing their programme through the House of Commons too fast or whether they are taking a leisurely time about it.

We have no plans to drop the Health and Social Care Bill. The principles of clinical-based commissioning, of patient choice and of any qualified provider as well as the linking of health and social care are important reforms. There will be an opportunity for further debate when the House returns.

We discussed the issue of fairness at some length yesterday. We are convinced that work must always pay more than benefits, which is at the heart of our welfare reform. We owe it to people who work hard, do the right thing and pay their taxes to make sure that there are some limits on welfare. Some families in Westminster receive £2,000 a week in housing benefit; I think that position is wholly unsustainable.

So far as the Chancellor of the Exchequer is concerned, I have announced a Second Reading on Monday of the Financial Services Bill; the hon. Lady may find that the Chancellor of the Exchequer is in the House for that. On student loans, we have just sat through 40 minutes of an urgent question, and I have nothing to add to what the Chief Secretary to the Treasury said.

As to bankers' bonuses, the hon. Lady keeps on asking who signed off the contract with Mr Lester, but we know who signed off the contract for the bonus for Mr Hester at the Royal Bank of Scotland. There is no doubt that the Labour Government signed off that contract, which entitled him to the bonus. Since then, we have taken steps, which Labour never took, to cap bankers' bonuses in cash. Last week, the Secretary of State for Business, Innovation and Skills announced new reforms to empower shareholders to control future pay.

Finally, the hon. Lady asked about the EU treaty. Perhaps at some point we could have an answer to the question of whether or not the Leader of the Opposition would have signed the proposed treaty.

Mr Stewart Jackson (Peterborough) (Con): We shall never know the true circumstances behind the murder of Avtar and Carole Kolar by, allegedly, the Lithuanian career criminal Rimvydas Liorancas, but we do know that he entered the United Kingdom without a passport. May we have an urgent debate on the sharing of criminal records data with law enforcement agencies throughout the European economic area, which would prevent such tragedies from ever happening again?

Sir George Young: I am sure that the House has sympathy for my hon. Friend's constituents who were murdered. As for the Lithuanian, who I think has taken his own life, I understand that police inquiries are continuing, so it is difficult for me to comment specifically on the case. I will, however, raise the general issue of the sharing of information about criminals with the Home Secretary, and will ask her to write to my hon. Friend

[Sir George Young]

giving the details and specifying the concordats that have been entered into ensuring that relevant information is shared between countries.

Natascha Engel (North East Derbyshire) (Lab): Obviously I do not want to sound dismissive, but despite the ample amount of time that has been available in the Chamber recently, the Government have chosen not to allocate it to Back Benchers, choosing instead to allocate it to general debates both today and next Thursday on subjects that they have chosen themselves. Meanwhile, Back Benchers have suggested to our Backbench Business Committee almost 20 debates on important matters such as assisted dying, the future of social care and the state of mental health services. I know that the Leader of the House is aware—because he himself has written to me about it—that there are three outstanding e-petitions which have secured 100,000 signatures. He has asked me to consider them for debate without giving me any time for them to be debated. Will he please stop bed blocking Back-Bench time, so that we can meet our basic commitments to Back Benchers and to e-petitioners?

Sir George Young: I commend what the hon. Lady said at the beginning of the Back-Bench debate on the European Council a week ago, when she made clear that responsibility for finding time for pre-European Council debates fell within the remit of her Committee, but of course the Government will do what they can to ensure that dates are available for such debates. She will have seen the recommendation in the Procedure Committee's report that on Monday afternoons Westminster Hall should be used specifically for debates on e-petitions, with which I have some sympathy. The Government will respond in due course, and that will provide a partial solution to the issue that she has raised.

I am aware of the pressure on the hon. Lady's Committee, and we will try to accommodate her with some extra time between now and the end of the Session. We are committed to providing 35 days in a Session; so far we have provided at least 49, and we hope to provide more. A number of days were provided before the Committee was set up, which were used for general debates. I sympathise with the hon. Lady over the problem that confronts her, and I will do what I can to help.

Martin Vickers (Cleethorpes) (Con): The wife of my constituent Mr Gordon Roberts has been placed in a home against the wishes of Mr Roberts. Sadly she suffers from dementia. May we have an urgent debate to consider the criteria according to which patients can be placed in homes against the wishes of their next of kin?

Sir George Young: I am sorry to hear about what has happened to my hon. Friend's constituent. He will know that, under social care legislation, relatives of an individual such as his constituent have a right to be consulted before any package is put in place, and that that entitlement is accompanied by certain other rights. I will raise the matter with my right hon. Friend the Secretary of State for Health to see whether any intervention is possible, but in this particular case much will depend on the role of the local authority, and on who was responsible for making the final decision to place the wife of my hon. Friend's constituent in a home.

Mr Tom Watson (West Bromwich East) (Lab): A debate on the future of the Freedom of Information Act would allow us to test the use of private e-mails by Ministers. I fear that my constituents are losing out because Sandwell council may not have been able to test the validity of the decision to cut the Building Schools for the Future programme from £120 million to zero. However, there is a way of getting round that, which is for the Secretary of State for Education to publish all the private e-mails relating to Building Schools for the Future that he has exchanged with his special adviser Dominic Cummings and the civil servant Ms Narozanski.

Sir George Young: The freedom of information legislation is on the statute book. I advise the hon. Gentleman to take the action that is available to him through the process of appeal against decisions if he is unhappy with some of those decisions, and has not obtained information that he wants.

Andrew Jones (Harrogate and Knaresborough) (Con): Every day about 75 people in Yorkshire and the Humber are diagnosed with cancer, but at the same time great work is being done in our area in the form of medical research and work on improving training techniques for surgery. I have seen that work being done at the Leeds cancer research centre, which is a partnership between the NHS, the voluntary sector and Leeds university. May we please have a debate on medical research and all that the Government are doing to support it?

Sir George Young: I should welcome such a debate. Within the budget of the Department of Health, research is a priority. As for the specific issue of cancer, we have created a £200 million a year cancer drugs fund to help cancer patients gain more access to the life-extending drugs that they need, which has financed more than 10,000 treatments. I know that my hon. Friend will welcome that.

Kate Green (Stretford and Urmston) (Lab): Will the Leader of the House arrange a debate on dignity at work in Parliament? Last night I was disturbed to learn that the guest beer in the Strangers Bar is called Top Totty, and that there is a picture of a nearly naked woman on the tap. As well as arranging a debate, will the Leader of the House join me in asking for that beer to be withdrawn from the bar immediately?

Sir George Young: I was not aware of that particular picture in the bar. I will raise the matter with the appropriate Officer of the House through the House of Commons Commission, and I am sure that appropriate action will be taken. I should very much regret it if any offensive pictures were on display in any part of the House.

Mark Pritchard (The Wrekin) (Con): May we have an urgent debate on Sudan? Will the Leader of the House join me in calling on the Governments of North and South Sudan successfully to conclude the talks in Addis Ababa today on the outstanding issues of the border, the sharing of oil transit costs, and the stopping of the funding by the north of militia in the south?

Sir George Young: I am grateful to my hon. Friend for raising the important issues that confront those who live in Sudan. I cannot promise an early debate, but he might like to apply to you, Mr Speaker, for an Adjournment debate, or apply for a debate in Westminster Hall, so that those important issues can be ventilated.

Mr Tom Harris (Glasgow South) (Lab): May I draw the attention of the Leader of the House to early-day motion 2681?

[That this House notes that Network Rail has been found by the Office of Rail Regulation (ORR) to be in breach of its licence and that, according to the ORR, 'major asset failures, congested routes and poor management of track condition' contributed to poor performance of the UK rail network in 2011; welcomes the statement by the Secretary of State for Transport reported in The Daily Telegraph on 19 December 2011, that 'Passengers would be extremely surprised if Network Rail attempted to award bonuses next year in the light of this action by the ORR'; further notes that Network Rail members, at their meeting on 10 February, are to be asked to confirm annual bonuses for directors equivalent to 60 per cent. of their annual salary, resulting in a 340,000 bonus for its chief executive; and calls on the company's directors to reject these bonuses.]

The motion urges Network Rail directors to reject their six-figure annual bonuses this year on the basis that they do not deserve them. Will the Leader of the House invite the Secretary of State for Transport to come to the House and confirm that she stands by what she said last year, namely that

"Passengers would be extremely surprised if Network Rail attempted to award bonuses next year"?

Sir George Young: The hon. Gentleman's question is very timely, because later today there will be a debate on Network Rail in Westminster Hall. It would be entirely appropriate for him to stay in the Palace of Westminster a little longer so that he can raise those issues again this afternoon, when he will receive a full reply from the relevant Minister.

Mr Edward Timpson (Crewe and Nantwich) (Con): Members may be aware that Nantwich, in my constituency, plays host to the world's largest cheese fair, which showcases outstanding local produce including the unbeatable Cheshire cheese. Will the Leader of the House find time for a debate on promoting local British produce, so that we can discuss how to stretch the consumer audience as far and as wide as possible?

Sir George Young: My hon. Friend may have sparked a bidding war to establish which Member of Parliament has the finest cheese in his or her constituency. *[Interruption.]* I can hear that the bidding war has already begun. I welcome what my hon. Friend has said. I cannot find time for an early debate, but he has drawn attention to the wide range of cheeses that are available in this country and available for export, and I commend what he has done to promote that fine product.

Mrs Jenny Chapman (Darlington) (Lab): Two weeks ago I took the opportunity to alert the House to the plight of Darlington football club. I know that the House will be pleased to learn that the club is still alive, thanks entirely to the efforts of the fans and a very sympathetic administrator, Harvey Madden. When I alerted the House two weeks ago, the Leader of the House very kindly, and somewhat to my surprise, said that he would look into how the Government might be able to help, and would speak to colleagues. Will he let us know how he has got on?

Sir George Young: I commend the hon. Lady's work on protecting the interests of her football club. Following our exchange a fortnight ago, I wrote to my right hon. Friend the Secretary of State for Culture, Olympics, Media and Sport, and I will find out what action he took as a result of my representations.

Mark Pawsey (Rugby) (Con): Following an announcement made some 18 months ago, 170 of my constituents are to be made redundant later this year as a consequence of the decision to transfer the functions of the General Social Care Council, based in Rugby, to the Health Professions Council, based in London. Given that office accommodation costs and the cost of employing people are lower in the regions than in the capital, may we have a debate about the Government's strategy for the location of Departments and regulatory bodies?

Sir George Young: My hon. Friend raises a serious issue, and I was sorry to hear about the loss of jobs in his constituency. Of course I will raise the matter with the appropriate Minister. As my hon. Friend will know, the Government have had to take some difficult decisions on public sector manpower that involve some rationalisation, but I will certainly see that his point about the relative costs in the regions are taken on board as we come to make these difficult decisions.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): May I press the Leader of the House on the absolute bombshell for British manufacturing industry that we may not get the Eurofighter contract with India? Is it not about time that the House showed our constituents that we care about the manufacturing sector by having an urgent debate on the subject? Will he use his good offices to send Lord Bhattacharyya to India to try to sort this out for us?

Sir George Young: There was an exchange on the subject during Business, Innovation and Skills questions; I am not sure whether the hon. Gentleman was here.

Mr Sheerman: I was.

Sir George Young: The hon. Gentleman will have heard the Secretary of State for Business, Innovation and Skills say that we are disappointed that at this stage we are No. 2, rather than No. 1, but that there remain opportunities to try to secure the contract. We believe that the Eurofighter Typhoon offered the most comprehensive offer on technology transfer, industrial participation, and security of supply.

I now have in front of me a letter dated 26 January to the hon. Member for Darlington (Mrs Chapman), setting out the action that is being taken as a result of the representations she made two weeks ago.

Mr Speaker: Well, that is helpful up to a point, but it is a bit of a tease from the Leader of the House. It is like saying, "I know a good joke, but I won't tell it to you." The hon. Member for Darlington (Mrs Chapman) is probably itching to learn the contents of said letter.

Sir George Young: It is a letter to the hon. Member for Darlington, dated 26 January, that I hope is in her hands.

Mrs Chapman *indicated dissent.*

Mr Speaker: We are all better informed. It is not clear whether the hon. Lady has yet received or read the letter; it seems as though she is not in receipt of it and has not read it, but there we go.

Neil Carmichael (Stroud) (Con): There are two great mysteries in my constituency. First, do we have a giant cat with yellow eyes in Woodchester? Secondly, why are Gloucestershire's schools suffering so badly under section 251 in the allocation of administrative grants and moving on to become academies? I would like a debate on the cat and school funding, but particularly on school funding, because the subject is important, and we need to encourage the academy programme.

Sir George Young: I am grateful to my hon. Friend. I think that I am right in saying that he has raised the issue with me before. There is a problem in his county about the way in which the so-called LACSEG—local authority central spend equivalent grant—formula works. His academies get the same per-pupil funding as local education authority schools, but the funds that the local authority used to dispense are dispensed to the academies in a formula that has disadvantaged his county. He will be pleased to know that there is a review to see whether we can move to a fairer system of funding. I hope that his county will find that that is an answer to the problem that he raises.

Jim Fitzpatrick (Poplar and Limehouse) (Lab): I have just come from a meeting with News International in Wapping in my constituency, during which I took the opportunity to congratulate it on today's issue of *The Times*, which launches a campaign for safer cycling. Given the Leader of the House's personal interest in the subject, will he advise me on whether there will be a statement from the Department for Transport, or a debate on cycling safety and the campaign, in the near future?

Sir George Young: I am grateful to the hon. Gentleman for raising the subject, and to *The Times* both for the front-page spread and the profile it is giving to making cycling safer, not just in London but everywhere. Along with many other Members, I bicycled into the House today. I know that the Under-Secretary of State for Transport, my hon. Friend the Member for Lewes (Norman Baker), takes cycling seriously. I would welcome a debate in which we could set out some of the steps that we have taken to promote cycling. I went on a trip with the all-party cycling group to Holland, where the lesson was that there is safety in numbers. When there are more cyclists, the terms of trade with the motorist begin to change, and cycling becomes safer. I welcome some of the steps that have been taken to promote cycling, as that will in turn change the terms of trade and make it a safer mode of transport.

Andrew Selous (South West Bedfordshire) (Con): May we have a debate on how we can expand the fantastic network of university technical colleges across our country? Early results are impressive; they represent real poverty-busting, enterprise-enhancing change in our country. I have one in my constituency, but I would like all colleagues to have one for the benefit of all our constituents.

Sir George Young: I am grateful to my hon. Friend. I know that he has in his constituency a UTC that was approved in October last year by my right hon. Friend the Secretary of State for Education. We are committed to putting in place at least 24 of them across the country over this Parliament. Two have already opened and 17 are on the way. We will make announcements in the summer about where the UTCs will be based. I pay tribute to my hon. Friend for the support he has given, and for raising the profile of UTCs, which have an important part to play in higher education.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): I was surprised to read a story in yesterday's *Financial Times*, quoting liberally the Minister with responsibility for defence procurement, on a new Government policy of procuring defence equipment from overseas companies as well as British companies. I was particularly surprised when I turned up at the House to find that no oral statement to the House was planned, and that the statement being released was only a paper one. Either this is another instance of unilateral action by a Minister, in which case I hope the Leader of the House will take the issue up on behalf of the whole House, or the Government are changing the rules of engagement, and have decided to allow Ministers to announce major policy in the newspapers before they tell the House, in which case may we have a debate on the matter?

Sir George Young: I understand the hon. Lady's concern. I think it was entirely appropriate for the information to be placed before the House in a written ministerial statement. There are plenty of precedents for such important announcements being made in a WMS. If she looks at the business before the House yesterday, she will see that it was a serious debate on welfare reform. I am not sure that the House would have welcomed the Government injecting an oral statement, and so taking away from the House some of the time for debate.

David Mowat (Warrington South) (Con): In his autumn statement, the Chancellor announced £30 billion-worth of capital projects as part of the rebooting of the economy. A recent Institute for Public Policy Research report stated that 84% of the projects are in London and the south-east—a spend of £2,700 per head in London, £134 a head in the north-west, and £5 a head in the north-east. May we have a debate or discussion on how we can get capital spending better aligned in the regions?

Sir George Young: I understand my hon. Friend's concern. We developed the regional growth fund precisely to help regions such as those that he mentioned, and to move the centre of gravity, so far as one can, away from London and the south-east. He will know that we have introduced enterprise zones to encourage business investment in the north-east and north-west, which benefit from allowances not available elsewhere. There are also allowances available to new companies that

locate outside London and the south-east, so we are doing what we can to promote a sensible regional policy to help regions such as that represented by my hon. Friend.

Lisa Nandy (Wigan) (Lab): At a meeting of the Select Committee on Education earlier this week, the Secretary of State three times refused to answer my question about whether personal e-mails have been used to avoid scrutiny of information that should be available under the Freedom of Information Act. He was unable to clarify whether any steps were being taken to prevent deletion of e-mails that contained important information that should be in the public domain. Given how potentially serious that is, will the Leader of the House ensure that time is allowed for Members to seek definitive answers to these important and incredibly urgent questions?

Sir George Young: If my right hon. Friend the Secretary of State for Education was unable to give an answer when asked the question three times, I hope that the hon. Lady will understand if I do not give an answer now, but I will raise the matter with my right hon. Friend to see whether he can add to what he said to the Education Committee. I shall also put to him the specific question that the hon. Lady asks about the deletion of e-mails, and ask him to write to her.

Mark Menzies (Fylde) (Con): Warton in my constituency is proud to be the home of the Eurofighter Typhoon and the thousands of jobs associated with it. Will the Leader of the House give us some time to debate the Indian order, some of the decisions behind it, and what more the Government can do, even at this late stage, to secure that order for the UK?

Sir George Young: I understand the concern of my hon. Friend's constituents at the Indian Government's decision to back the Rafale rather than the Eurofighter Typhoon. During an exchange at BIS questions, the Secretary of State outlined the action still open to this Government and this country to try to secure the order. I cannot promise an immediate debate, but my hon. Friend might like to apply to you, Mr Speaker, for an Adjournment debate or a debate in Westminster Hall.

Julie Hilling (Bolton West) (Lab): International women's day will be celebrated worldwide on 8 March. The theme this year is connecting girls, inspiring futures, which is timely at a time of such austerity. It would be a travesty if there were not a debate in this House, the mother of all Parliaments, on 8 March. Will the Leader of the House help to ensure that a debate takes place, in the main Chamber, on international women's day?

Sir George Young: Last year, there was a debate, rightly, on international women's day in the Chamber. As she will know, responsibility for finding time for international women's day is specifically mentioned in, I think, paragraph 145 of the Wright Committee report. I will seek to make available to the Backbench Business Committee a day on or around that specific day, so it has the opportunity to fulfil the hon. Lady's request.

Brandon Lewis (Great Yarmouth) (Con): HealthEast is the GP-led commissioning pathfinder group that covers Great Yarmouth and, indeed, Waveney. May we have a statement on the progress of GP commissioning pathfinder groups across the country, given that, like HealthEast, many are enthusiastic about the programme and want to get on with the work, in order that local decisions can be made by local medical experts, rather than by central diktat in the NHS?

Sir George Young: There will be an opportunity to consider this issue when the Health and Social Care Bill returns, but my hon. Friend makes a good point: many GPs step forward to act as volunteers for the clinical commissioning groups. It seems there is a broader appetite in the country for these reforms than the impression sometimes given by the leaders of such bodies. My hon. Friend will have seen that the heads of more than 50 new doctors groups have argued that the BMA's policy of blanket opposition fails to represent their views. I am grateful to him for making that point.

Mr John Spellar (Warley) (Lab): Does the Leader of the House agree that Select Committees, particularly the long-standing Public Accounts Committee, are crucial to our parliamentary system? If so, was he as concerned and alarmed as I was to see the article by Sue Cameron in today's edition of *The Daily Telegraph* stating that the outgoing head of the civil service, Sir Gus O'Donnell, who staggered out the door under the weight of his pay-off and his pension, had written to the Chairman of the PAC complaining about the robust questioning of senior civil servants? Is that not an outrageous challenge to the rights of Parliament, and may we have a debate in which we can remind these arrogant mandarins that they are supposed to be civil servants, not uncivil autocrats?

Sir George Young: It so happens that I have read Sue Cameron's article in *The Daily Telegraph*, concerning the alleged letter written by Sir Gus O'Donnell to the Chair of the Public Accounts Committee. [HON. MEMBERS: "Alleged?"] I have not seen the letter. The right hon. Gentleman raises a serious point, and of course the PAC is one of the most important Select Committees in the House. As I understand it, it will be up to the PAC to decide how it wants to respond to that letter, and it may want to make a report to the House, to which the Government would respond. That is the appropriate way to take the issue forward.

Alun Cairns (Vale of Glamorgan) (Con): The UK Government have prioritised health reform and committed to increasing spending, while devolving decision making to clinicians at local level and making it more accountable. Sadly, my constituents do not benefit from such changes. May we have a general debate on health care, so we can compare and contrast the different forms of health care provision within the UK and expose the fact that Labour is the only party in government in the UK that is cutting the health service?

Sir George Young: I am sorry that my hon. Friend's constituents do not benefit from some of the reforms that will be the subject for debate when the Health and Social Care Bill comes back. He rightly points out that the Department of Health is allocating an extra £12 billion over the spending review period for investment in the NHS—spending the NHS would not have got, had the Opposition been returned to government.

Mark Durkan (Foyle) (SDLP): Some weeks ago, the Leader of the House promised me in this Chamber that we would have adequate time to consider the Welfare Reform Bill on receipt of the Lords amendments. Given the very short time we had yesterday, we could not divide on the programme motion, as we wanted to protect precious time for debate. The Minister of State hogged the Dispatch Box for some 45 minutes during consideration of the third group of amendments. One of the amendments that was then accepted, because it could not be put to a Division, hollowed out the Child Poverty Act 2010, which was supported by all parties in this House in the last Parliament. Will the Leader of the House ensure that the House can reconsider the matter, so that we do not end up telling the public that we inadvertently deleted a key field in that important Act, which was passed in the last Parliament?

Sir George Young: I understand the hon. Gentleman's concern. The question whether any further debate is held on the Bill depends on another place, to which it has now been returned, amended. I did announce last Thursday one day's debate on the Welfare Reform Bill. No official representations were made against what I had planned, and there was no Division yesterday on the programme motion. There were three separate debates yesterday, every single Lords amendment was considered, and we had already had some two days on Report, so it was not as if the House was addressing these issues for the first time. My view is that, in the context of Commons' consideration of Lords amendments of other Bills, a one day debate was adequate, and that its structure enabled debates to take place on all the important Lords amendments.

Mr Peter Bone (Wellingborough) (Con): I agree with the hon. Member for Foyle (Mark Durkan). If the House had divided on the programme motion, I would have voted against it—the House's view on it should have been tested. However, I am afraid that the official Opposition did not seek to divide the House, so the Leader of the House cannot be blamed. That said, I hope he will consider such issues in future, because that is what was wrong with the previous Government: they did not give enough time for proper consideration of Bills. Although I support the welfare reform legislation, we should have had more time to discuss it.

Sir George Young: My hon. Friend has consistently argued for more time for debate. I am not sure whether he was in the House for last Thursday's business questions, when I announced the provision of a one-day debate. That would have been his opportunity to make the point he has just made, which is sadly one day too late.

Mr Speaker: Or even a week. I call Mr Barry Gardiner.

Barry Gardiner (Brent North) (Lab): The Commonwealth Heads of Government meeting is due to take place in Sri Lanka in December of next year. Given that President Rajapaksa is turning that country into a kleptocracy, that term limits on the presidency have been abolished—turning that country, potentially, into a dictatorship—and that there has been no adequate response to the UN Secretary-General's commissioner for human rights, does the Head of our Government believe that it is still appropriate to hold the CHOGM there, and will the Queen attend?

Sir George Young: The hon. Gentleman asks some good questions, and it sounds as if we have some time to reflect. If the CHOGM is taking place in December next year, we have adequate time, but I will certainly convey his concern to the Foreign Secretary. I expect that the decision on the location of this conference is one not for the UK Government but for the Commonwealth as a whole. However, as I said, I will pass on his concerns to the Foreign Secretary and ask him to write to the hon. Gentleman.

Mr John Baron (Basildon and Billericay) (Con): My right hon. Friend will be aware of the recent leaked NATO report suggesting that the Taliban insurgency will not be beaten and that the Taliban have widespread support among local residents, despite NATO's public claims to the contrary on both counts. Given the report's credibility, is this not the right occasion for the Government to make a statement?

Sir George Young: The Government do not normally comment on leaked reports, but my hon. Friend will know that the Government make regular quarterly statements on Afghanistan. I anticipate that my right hon. Friend the Foreign Secretary will make such a statement to the House very shortly, when my hon. Friend will have an opportunity to put to him the questions about this report.

Jim Sheridan (Paisley and Renfrewshire North) (Lab): The Leader of the House will be aware that the Government failed to convince the majority of Members in the other place of many aspects of the Welfare Reform Bill. Against that background, will he use his good offices to clarify reports that the Government intend to appoint to the other place a number of peers equivalent to the number of elected MPs in this place?

Sir George Young: That sounds an ambitious target. The question of the appointment of peers to another place is way above my pay grade, but I suggest that the hon. Gentleman should not believe absolutely everything he reads in the press.

Jeremy Lefroy (Stafford) (Con): Caring is a noble vocation but there are too few opportunities for training. May we have a debate on the establishment of carers' academies, such as the one proposed in South Staffordshire at Rodbaston, to be run between the college there and South Staffordshire housing association?

Sir George Young: My hon. Friend makes a good point. We want to raise the qualifications of those who are caring and he might have seen a number of recent instances of bad quality care and untrained practitioners. I would welcome the initiative he has just mentioned. I will mention it to my right hon. Friend the Secretary of State for Health—and my right hon. Friend the Secretary of State for Business, Innovation and Skills, if it is an academy—and see whether we can make progress down that path.

Nick Smith (Blaenau Gwent) (Lab): This year the Driver and Vehicle Licensing Agency received more than 1 million requests just from car park operators for individuals' vehicle registration information. Invariably, penalty notices followed. May we have a debate to review the measures the Government can take to protect motorists so that they are not fleeced by car park operators aiming to boost income through hefty fines?

Sir George Young: The hon. Gentleman raises a good point because later this year it will be illegal to clamp on private property, so the emphasis might move on to the collection of fines for parking on such property. I will raise the matter with the Secretary of State for Transport and see whether any additional measures are necessary to protect innocent motorists from being harassed by such companies.

Kevin Brennan (Cardiff West) (Lab): On 16 January, in Education oral questions, the Secretary of State was unable to reassure the House that he or his special advisors had not

"deliberately destroyed or deleted e-mails relating to Government business that he has sent or received through private e-mail accounts". —[*Official Report*, 16 January 2012; Vol. 538, c. 467.]

May we have a debate on that issue, which other hon. Members have raised and which is beginning to have the whiff of a cover-up about it?

Sir George Young: I am grateful to the hon. Gentleman, who raises a similar issue to that raised by his hon. Friend the Member for Wigan (Lisa Nandy). I have already undertaken to raise the matter with my right hon. Friend the Secretary of State for Education and I shall ensure that the hon. Gentleman is copied in to the letter that will be on its way.

Mr Jim Cunningham (Coventry South) (Lab): When will we get the Secretary of State for Education's promised statement on the capital programme for schools? In the past, Ministers have made promises to visit schools in Coventry but they have not materialised. We have schools that are falling down and badly need a rebuild. The midlands in general badly needs those capital programmes, which could revamp the west midlands economy. When are the Government going to do something about it and when will we get that statement?

Sir George Young: As the hon. Gentleman will know, when we came into government we sought better value from the capital programme for schools and we brought to a halt a rather extravagant programme that we had inherited and introduced one that gives much better value for money. I shall raise the concerns with my right hon. Friend the Secretary of State for Education and ask him either to visit Coventry or to write to the hon. Gentleman to set out our programme for investment in that city.

Jonathan Reynolds (Stalybridge and Hyde) (Lab/Co-op): May we have a debate on what safeguards there are to protect people studying for qualifications when their privately run providers go into liquidation? I met a constituent on Friday who had paid a substantial sum to obtain a plumbing and gas qualification from BTSC Europe—Building Trade Skills Centres Europe—which had styled itself as the largest such provider in Europe and even had the Prime Minister come and open its premises in Trafford park. My constituent has been left high and dry with no qualification and with debt now that that company has gone into liquidation. It seems another example of people who work hard and play by the rules being the ones who are punished when we as a state should protect them.

Sir George Young: It sounds as though the hon. Gentleman could have raised that issue in BIS questions, when the Minister for consumer affairs and others were in the Chamber. I am sorry to hear about the hon. Gentleman's constituent. I shall raise the matter with my right hon. Friend the Secretary of State and see whether there is any action that we can take to get redress.

Ian Mearns (Gateshead) (Lab): May I associate myself entirely with the comments made by my hon. Friend the Chair of the Backbench Business Committee on the question of time? It is becoming rather difficult to manage the business proposed to us by hon. Members. At the Select Committee on Education on Tuesday, the Secretary of State asserted that he had received what seemed to be conflicting advice from officials about the use of private e-mail accounts for official business. He also told us that he chose to follow the advice that he had received from the Cabinet Office. Will the Leader of the House arrange for the publication of the advice the Secretary of State received from the Cabinet Office and have it placed in the Library? Will he also arrange for a statement to clarify what advice is given to Ministers on such issues?

Sir George Young: The hon. Gentleman will know that advice from civil servants to Ministers is not normally published, but he raises an issue that has been raised by some of his hon. Friends. I have got the message: they want some response from my right hon. Friend the Secretary of State and I shall do what I can to secure that.

Mr Dave Watts (St Helens North) (Lab): We already know that the Ministry of Defence will no longer support British industry and jobs. This week, Merseyside police authority decided to purchase a fleet of cars with no manufacturing base in the UK. May we have a debate on whether the Government and public services overall need to do a lot more to support British industry and jobs?

Sir George Young: There will be a debate on the police grant next Wednesday. The hon. Gentleman will know that it is not the Government but the police authority that purchases police cars in his constituency. He will have an opportunity to raise the issue on Wednesday and I shall ensure that the Minister replying to the debate knows that the matter will be raised by the hon. Gentleman.

Mr Denis MacShane (Rotherham) (Lab): I do not know whether you, Mr Speaker, or the Leader of the House have read the article in today's *The Guardian* by Professor Roy Greenslade on the continuing refusal of the Information Commissioner, Christopher Graham, to give the names of the 15,000 victims of data mining and illegal data trawling carried out for newspapers by

[Mr Denis MacShane]

Mr Steve Whittamore. I raised this absolutely astonishing question last week. May we have a debate on it? Perhaps you are among those people, Mr Speaker, because in those days the media were always ganging up on you. We need a debate on the Information Commissioner's denial to the British people. He has given those names to the media and the police, but not to the victims. It is outrageous.

Sir George Young: I have to repeat what I told the right hon. Gentleman last week: it would be quite wrong for the Government to overrule the Information Commissioner. There is a process of appeal if the right hon. Gentleman is dissatisfied with the commissioner's decision, and that is the line he should follow rather than asking me about it week after week.

Diana Johnson (Kingston upon Hull North) (Lab): The Government's written ministerial statement, published yesterday by the Ministry of Defence, sets out a worrying path on defence procurement that will be to the detriment of British manufacturing jobs. May we have an urgent debate on that in Government time? Secondly, if time was short yesterday, why could not the Minister come and make the statement today so that we could question him on his policy?

Sir George Young: My hon. Friend the Minister made the statement yesterday by means of a written ministerial statement. I have looked at it and I see no evidence to support what the hon. Lady has just said about it being bad news for UK industry. On the contrary, much of what he has proposed will benefit UK industry. For example, purchasing off-the-shelf rather than individually specified equipment is of great advantage to British manufacturers who already have a number of products in that range.

Paul Flynn (Newport West) (Lab): Tragically, it now requires 24 early-day motions to list the names of those brave soldiers who have fallen in Afghanistan as a result of decisions taken in this House. As the aims of the war become increasingly meaningless, may we debate early-day motion 2673 so that we can record our gratitude for the sacrifices of the fallen and avoid our military leaders being faced with the terrible question that John Kerry asked himself at the end of the Vietnam war: "Who will be the last soldier I will order into battle to die for a politician's mistake?"

[That this House salutes the bravery of the armed forces serving in Afghanistan and records with sorrow the deaths of Lance Corporal Kyle Cleet Marshall, from 2nd Battalion The Parachute Regiment, aged 23 from Newcastle, Private Lewis Hendry, 3rd Battalion The Parachute Regiment, aged 20 from Norwich, Private Conrad Lewis, 4th Battalion The Parachute Regiment, aged 22 from Bournemouth, Warrant Officer Class 2 (Company Sergeant Major) Colin Beckett, 3rd Battalion The Parachute Regiment, aged 36 from Peterborough, Ranger David Dalzell, 1st Battalion, The Royal Irish Regiment, aged 20 from Bangor in County Down, Private Martin Simon George Bell, 2nd Battalion The Parachute Regiment, aged 24 from Bradford, Private Joseva Saqanagonedau Vatubua, 5th Battalion The Royal Regiment of Scotland, aged 24 from Suva, Fiji, Warrant Officer Class 2 Charles Henry Wood from 23 Pioneer Regiment Royal Logistic Corps, serving with the Counter-Improvised Explosive Device Task Force, aged 34 from Middlesbrough, Corporal Steven Thomas Dunn from 216 (Parachute) Signal Squadron, attached to 2nd Battalion the Parachute Regiment Battlegroup, aged 27 from Gateshead and Private John Howard, 3rd Battalion The Parachute Regiment, aged 23 from Wellington, New Zealand.]

Sir George Young: The hon. Gentleman has consistently pursued this case in the House and we respect him for that. As I said in response to my hon. Friend the Member for Basildon and Billericay (Mr Baron), I anticipate that the Foreign Secretary might make his statement on Afghanistan quite shortly. That will be an opportunity for the hon. Gentleman to make his case.

Derek Twigg (Halton) (Lab): I have had many representations from constituents who are very concerned about the large increases in water bills announced in the past week or so, particularly against a background of people having their wages cut, losing their jobs or having only small wage increases. May we have an urgent debate so that we can hear from the Government what representations have been made to the water companies to try to keep down their charges?

Sir George Young: The hon. Gentleman is quite right that Ofwat recently announced that water and waste water bills could go up by 0.5% ahead of inflation. That decision is broadly in line with the decision taken back in 2009 and is necessary partly to secure investment in infrastructure and drive up the standards of water in this country. He will also know that the Government are taking action to ensure that tariffs are available to those on low incomes so that they are insulated, to some extent, against the increases.

Nic Dakin (Scunthorpe) (Lab): On Wednesday 20 July, I received a written answer from the Department for Education on the use of e-mails. It was very clear:

"Never use non-DfE email services...to carry out Departmental business."—[*Official Report*, 20 July 2011; Vol. 531, c. 1017W.]

It then became equally clear that officials were using Hotmail accounts to advise people in relation to academy status. I raised this issue at business questions on 8 September, when the Leader of the House helpfully said I would get a reply from the Secretary of State. In that reply, the Secretary of State made it very clear that this was one rogue official, and I accepted that response, but we have now heard, as recently as the Select Committee on Education's session this week, that there is still a lack of clarity about how the Secretary of State himself is using private e-mail accounts. May we have a statement by the Secretary of State in the House to clear up this issue?

Sir George Young: It seems there is a theme running through some of the questions from Opposition Members. I refer the hon. Gentleman to my answers to the questions asked by his hon. Friends. I have registered the concerns of Opposition Members and I will take this up with my right hon. Friend the Secretary of State for Education; I will ask him to respond to and address all the relevant issues that have been raised in this question session and to send a copy to all the Members who have raised them.

Chris Bryant (Rhondda) (Lab): The Government plan to introduce a draft parliamentary privilege Bill soon. May I urge the Leader of the House to delay the publication of that report, unlike all the other recommendations, until the Select Committee on Culture, Media and Sport has finished its report into phone hacking? I am not on that Committee, but it might well suggest that those who have lied to Parliament, including the police, the Murdochs and others, should appear at the Bar of the House and it would be unfortunate if there were any conflict with what the Bill is going to propose. While I am at it, may I suggest that the Leader of the House should stop continually delaying the end of this Session so that he can get his legislation through? That is what the Stuart kings used to do and it did not do them much good in the end.

Sir George Young: I am not sure what Bills they were trying to get on to the statute book but I wonder whether they had the merit of the Bills now before Parliament. On the hon. Gentleman's first question, we are committed to publishing a draft privilege Bill in this Session, and we plan to do that, but it is a draft Bill and it will be accompanied by a consultation document. If after we have published the draft Bill other documents are available from a Select Committee, of course they can be taken on board before we decide to go ahead with a real Bill, so the conflict he outlines need not arise.

Points of Order

1.2 pm

Mary Creagh (Wakefield) (Lab): On a point of order, Mr Speaker. We look forward to debating the Water Industry (Financial Assistance) Bill, which is being presented by the Department for Environment, Food and Rural Affairs today. It will certainly be good finally to have some Government business to discuss. Can you advise me, Mr Speaker, whether it is normal when a Bill is introduced outside the legislative programme, as this one has been, for the Opposition to discover its existence through leaks from the other place? Can you further advise whether it is normal for a Secretary of State when approached by her opposite number to state, "I'm not speaking to you; I don't have to speak to you," which was the response of the Environment Secretary when I approached her yesterday? I am not sure whether she was feeling a little out of her depth. When I informed her office, at 6.15 pm last night, that I would raise this point of order about the lack of usual courtesies, I received an e-mail from her 20 minutes later finally informing me of the Bill's presentation in the House now. May I ask you, Mr Speaker, to use your good offices and the usual channels to ensure that the Opposition are kept fully informed of any future urgent business and that the Government do not just drip-feed information to us?

Mr Speaker: I will say a number of things to the hon. Lady. First, on the whole it is probably unwise for the Chair to rule on the matter of normality, which the hon. Lady raised early in her point of order. I shall eschew any temptation to say anything about that. Secondly, she has regaled the House with a racy and intoxicating account of the recent sequence of events which apparently perturbs her but about which I do not think any further comment from me is either necessary or helpful.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Richard Benyon) *rose—*

Mr Speaker: Of course, I will happily hear the hon. Gentleman. I did not know he was seeking to come in, but he will have his opportunity in a moment.

Thirdly, on the face of it, at this stage, the way in which this matter has been handled is not a matter for the Chair. All I can do, and must do, is ensure that proper notice is given to the House, and it has been. The rest of the matters may continue to be unsatisfactory in the hon. Lady's mind, but she has given eloquent expression to her dissatisfaction.

Richard Benyon: Further to that point of order, Mr Speaker. I want to get on the record that the Secretary of State has written to the Opposition spokesperson, as well as to the Chair of the Select Committee on Environment, Food and Rural Affairs and the devolved Ministers, which I believe is the normal courtesy in these matters. We are very keen to work with both sides of the House to make sure that legislation is taken through in as consensual a way as possible, and we look forward to working with you and Members on both sides to make sure that that happens.

Mr Speaker: I am most grateful to the Minister. Two sides of this have been heard, and I think we will leave it there for today.

Mr Dave Watts (St Helens North) (Lab): On a point of order, Mr Speaker. In relation to the urgent question, is it in order for Ministers to put up a spokesman who obviously does not know the answers to the questions that Members are putting to him when the Minister who does know the answers is sitting next to him?

Mr Speaker: Who the Government put up on a matter of this kind is a matter for them. As to the content of answers, whether they impress the hon. Gentleman or not and what their quality might be, that is very murky territory, certainly for the Speaker, so I shall keep away from it. I do not think the hon. Gentleman really expected an answer to his question; I think he simply wanted to give vent to his views—and that he has done.

Chris Bryant (Rhondda) (Lab): On a point of order, Mr Speaker. You will know that previous Speakers have ruled that when a Minister relies on a document for their argument, they are then required to publish it to the House. The Chief Secretary to the Treasury earlier referred to documents that he had signed, so surely he should publish those to the House.

Mr Speaker: I am grateful to the hon. Gentleman. My understanding of the position on the question of reliance on a document and its consequent publication is that that applies where state papers are concerned, but whether it applies in this particular context I am not at all sure. I do not advance a strong view on the point. I think he is seeking to rev up or simply repeat a point that was made earlier.

Chris Bryant: No, this is a new one.

Mr Speaker: The hon. Gentleman professes his innocence and says it is a new point, but even if it is, it has been clearly made and has been heard. I shall not rule on it, because I do not think it is, at this stage, a matter for the Chair to rule on, but the Leader of the House will have heard it and I have a pretty strong sense that it will percolate through to the relevant Ministers. If the hon. Gentleman is still dissatisfied, I feel sure, knowing him for the sort of upmarket terrier that he is, that he will raise the matter again at the earliest opportunity. And in case he is going to ask me whether that was a compliment, as he did the other day when I paid him a compliment and I assured him that it was, it was. We will leave it there.

BILL PRESENTED

Water Industry (Financial Assistance) Bill

Presentation and First Reading (Standing Order No. 50)

Mrs Secretary Spelman, supported by the Prime Minister, the Deputy Prime Minister, Mr Chancellor of the Exchequer, Secretary Vince Cable and Richard Benyon, presented a Bill to make provision for the giving of financial assistance for the purpose of securing the reduction of charges for the supply of water and the provision of sewerage services and in connection with the construction of, and the carrying out of works in respect of, water and sewerage infrastructure.

Bill read the First time; to be read a Second time on Monday 6 February, and to be printed (Bill 299) with explanatory notes (Bill 299-EN).

Transparency and Consistency of Sentencing

[Relevant documents: Seventh Report from the Justice Committee, Session 2010-12, Draft Sentencing Guidelines: Drugs and Burglary, HC 1211; First Report from the Justice Committee, Session 2010-12, Revised Sentencing Guideline: Assault, HC 637; and oral evidence taken before the Justice Committee on 13 December 2011 on the Annual Report of the Sentencing Council, HC 1711-i.]

1.8 pm

The Lord Chancellor and Secretary of State for Justice (Mr Kenneth Clarke): I beg to move,

That this House has considered the work of the Sentencing Council and the transparency and consistency of sentencing.

I am glad to have the opportunity to debate this issue today. Public confidence in our criminal justice system rests on the principle that justice is dispensed independently by a judge in possession of the full facts of a case. It is normal to quote Magna Carta: we do not deprive people of their liberty

"without due process of law"

in this country. It is not the case in the United Kingdom, as it still is, unfortunately, in many parts of the world, that the Executive can order the detention and trial of people simply on the basis that they disagree strongly with the Government. Neither is it the case, as it is in some other judicial systems, that trials can be stretched out and rerun, until the "right" judgment is reached. Politicians do not sentence people in individual cases, judges do, and British Governments lose cases when they are parties in civil actions. I shall not go on, because we all know that those are the fundamentals of civil liberties and the rule of law in this country.

Independence is what we employ judges for, but alongside that fundamental truth lies an equally important principle—the discretion to do justice in individual case. Only judges see the full circumstances of each case, and they need the freedom to vary sentences in individual instances in accordance with the gravity of the offence. They have to bear in mind the circumstances of the individual offender and such mitigation as they may be able to offer. Sometimes the offence will be so aggravated that a higher than average sentence is required, as we saw, for example, after the riots in August. On other occasions, there will be significant personal mitigation, or relatively little harm caused to the victim, which means that a lower sentence than average will be justified. Just as we trust that our independent judges are the right people to make sensible decisions about the running of cases, so we generally trust them to apply the framework of criminal law across a range of different kinds of case of varying degrees of seriousness.

Keith Vaz (Leicester East) (Lab) *rose—*

Mr Clarke: It is very early, but I give way to the right hon. Gentleman.

Keith Vaz: On the point about gravity, the right hon. and learned Gentleman will have noted the sentences that were given yesterday to a group of four al-Qaeda inspired fundamentalists, who as the result of a Goodyear hearing will, in effect, be out of prison within six years. Does he consider it important to revisit the whole notion of Goodyear hearings in view of the fact that people who were going to cause mayhem in London have got away with being in prison for only six years?

Mr Clarke: I am not yet familiar with the full facts of the case, so I certainly shall not comment. There is also a matter of principle. The custom is growing that Ministers conduct a running commentary on sentences in individual cases as they proceed. I do not think that that is wise. I believe in the separation of powers. The right hon. Gentleman is a senior and respected Member of the House, but my understanding is that those people will be sentenced next week. I will check. When the sentence is actually imposed, we have a system whereby the Attorney-General can put in an appeal on the ground of leniency and ask the Court of Appeal to reconsider it. I will inquire more closely during the course of the debate, as the right hon. Gentleman is obviously concerned.

Public confidence would not be well served if individual judges gave widely varying sentences in similar cases. We have one body of law as determined by Parliament, and the punishment should fit the crime. Parliament imposing the law is the guardian of public opinion. We are answerable to the general public and the maximum tariffs set by the House have to be taken as a guide by judges in all cases.

Different cases should attract different punishments. The question is how to ensure that our independent judiciary can make judgments that fit the facts of the case but are also consistent with each other: how to balance, on the one hand, the imperative of judicial freedom—such that they have the latitude to sentence according to circumstance—with, on the other hand, the need for a consistent approach across the system and in all our courts.

Philip Davies (Shipley) (Con): My right hon. and learned Friend rightly focuses on public confidence. What assessment has he made of the current state of public confidence in sentencing? Does he have a view about the poll commissioned by Lord Ashcroft and carried out by Populus, which shows that more than 80% of the public, more than 80% of the police and more than 80% of victims think that sentencing is too lenient at the moment?

Mr Clarke: That has always been the case, certainly in my lifetime, and I suspect it always will be. I always wonder why that is the consistent public attitude. I shall not launch into criticism of the press, but I think it is because of the way these things are always presented to the public. The newsworthy cases are those where the newspaper decides to give a short version of the case and rouses the indignation of its readers by the apparent leniency of the sentence. Much though I respect opinion polls, particularly those obtained by Lord Ashcroft, the fact is that most citizens never go to a court of law. Most people, if we ask them, do not know what sort of sentences are imposed by the court. If all they read about are individual sensational cases, which a particular editor is trying to present as scandalous because of a lenient sentence, it tends to form public attitudes.

I shall not go further, but when we read a newspaper, we should not believe we are hearing all the facts of the case. The judge has probably heard hours of evidence

[Mr Kenneth Clarke]

from both sides, but what we read are two or three snappy lines summarising what is supposed to have happened in the opinion of the journalist.

Mr Edward Leigh (Gainsborough) (Con): Let us look at the facts. Perhaps the public are worried about this fact: 48% of burglars do not receive an immediate custodial sentence.

Mr Clarke: In a moment, I shall probably make another passing reference to the fact that the Sentencing Council guidelines make it clear that custody is undoubtedly a normal sentence for burglary. In my experience, it always has been, and it still is. There has to be a clear mitigating circumstance for anybody to avoid a custodial circumstance.

Mr Robert Buckland (South Swindon) (Con): My right hon. and learned Friend is correct in his assertions about lack of knowledge. It is not the fault of the public; it is the fault of the system that there is lack of knowledge in the public domain. That point is eloquently demonstrated and backed up by the findings of research conducted by Ipsos MORI for the Sentencing Council in May last year.

Mr Clarke: There is a very interesting website—I forget what it is called—

The Parliamentary Under-Secretary of State for Justice (Mr Crispin Blunt): You be the judge.

Mr Clarke: I am reminded by my hon. Friend.

The facts of a case are given and the public are invited to give what they think is an appropriate sentence. Then they are told the sentence the judge gave. In fact, members of the public tend to give more lenient sentences than judges impose, because they have been led to believe—I shall not carry on, because it will only lead to reprisals in the morning. Some of our right-wing newspapers, which I started reading when I was a very small boy, have been telling the nation about soft judges letting off criminals for as long as I can remember, and in my opinion that will be the theme of some of our leading popular newspapers in 50 years' time, if they survive that long. I shall move on.

This is where the Sentencing Council comes in—the independent body established in 2010 and ably led by its chairman, the right hon. Lord Justice Leveson, to whom I am grateful. Its role is precisely to promote a clear, fair and, above all, consistent approach to sentencing, backed up by supporting analysis and research. As hon. Members know, it does that by publishing guidelines—carefully crafted analyses that set out a clear decision-making process for courts and give guidance on aggravating and mitigating factors to help inform the sentence.

The guidelines include examples of the different levels of harm that a crime can cause, both to victims and the community. They set out varying levels of culpability that apply to offenders, such as whether the offence was committed on the spur of the moment or whether it was carefully planned in advance. They suggest common starting points and ranges for courts to use for different levels of offence. Importantly, they are guidelines, not tramlines or a rigid framework. They are flexible, and judges are always free to depart from them in exceptional circumstances. The most valuable quality for any judge in any court is judgment, which is what, in the end, they bring to bear.

Rehman Chishti (Gillingham and Rainham) (Con): The point that guidelines should be guidelines was demonstrated after the riots, when in extraordinary circumstances judges used their discretion and gave firm sentences. Guidelines are for ordinary circumstances, but for those extraordinary events judges were spot-on in using their discretion.

Mr Clarke: As it happens, I entirely agree with my hon. Friend's opinion. Judges rightly reflected the fact that the background was a sudden, alarming outburst of public disorder and that they needed quickly to give firm and severe sentences, in some cases above the average normally imposed for the offence. That was a correct response to public need.

In the two years it has been operating, the Sentencing Council has done much valuable work not only to promote consistency but in its more general role of seeking to improve public confidence in the criminal justice system. However, it has on occasion been criticised for both its general role in developing guidance for the courts and the contents of particular guidelines. The case that I want to make today, before listening to the views of the House, is that the current system is the right one and that these criticisms are largely misdirected. Contrary to what one sometimes reads in the newspapers, sentencing guidelines take a proportionate and sensible approach to the punishment of offenders, and one in which the public should have great confidence.

Mr Stewart Jackson (Peterborough) (Con): My right hon. and learned Friend, in his normal charming way, has encompassed some of the problems in his overview of the concerns about the faith and trust of taxpayers and constituents in the criminal justice system. He says that he does not want to set a precedent whereby Parliament provides a running commentary on sentencing, and he criticises the media prism in which sentencing is discussed, but surely he concedes the obfuscation of court procedures. When will the average taxpayer get a say on sentencing in this country?

Mr Clarke: That is what this debate is for. MPs, and everyone else, are of course perfectly entitled to make whatever comments they wish about the criminal justice system, which, like every part of the public service, is accountable to Parliament, and ultimately it is Parliament that determines the framework of law by which the whole thing is conducted. It seems to have become rather fashionable nowadays for a running commentary to break out about a series of cases, and I think that we should be more sparing. I also think that anyone who comments on this or any other matter should ensure that they have the full facts before going out and giving a considered opinion, rather than just reacting to something they read over their morning coffee.

Nicola Blackwood (Oxford West and Abingdon) (Con): Will the Lord Chancellor give way?

Mr Clarke: I will, but then I really must make some progress.

Nicola Blackwood: I thank the Lord Chancellor, who is being extremely generous, for giving way. His points about press sensationalism, the separation of powers and not wanting to have a running commentary from politicians are well made. However, I think that the lack of public confidence is not just due to a thirst for punishment beyond reason, because there is also the fact that reoffending rates are high. The point about sentencing is that we want it to be an effective deterrent against reoffending. At the moment, 49% of all prisoners reoffend within a year of release, and for adults released from short-term prison sentences the rate rises to 60%. We have to convince the public that our criminal justice system is effectively deterring prisoners from reoffending, which is not an issue of sensationalism.

Mr Clarke: I could not agree more. In fact, in so far as I have brought anything into policy since taking up my current post, it has to put much greater emphasis on reoffending, which is the biggest weakness of our system, but covering the full range of reforms would be outside the scope of the debate. The system punishes first of all, but it would serve the public better if it also led to the reform of more offenders, so that we could get reoffending rates down to a more respectable level. My colleagues and I are trying to address that in everything that we do in the Department of Justice.

It is relevant to the debate to consider what is most effective in deterring reoffending. Some people have held the belief for years, quite understandably, that in order to cut reoffending we must deter people by sending more and more to prison for longer and longer sentences. My personal opinion is that the evidence completely refutes that view. That approach does not work, particularly if it makes prisons overcrowded and unresponsive places where prisoners toughen up and meet some rough friends before being released to fend for themselves in the outside world. We are making more intelligent use of the prison estate so that, in addition to the punishment of confinement, there is a process of reform based on a working environment that tackles drugs, drink, mental illness and all the other things in order to lead people to behave when they are released.

Several hon. Members *rose—*

Mr Clarke: I have now set off a whole lot of other interventions. As I have started this diversion, or been led to it, I will give way again.

Derek Twigg (Halton) (Lab): I am very interested in what the Secretary of State is saying and agree with his view about the importance of deterrence as well as punishment, but there is a flaw in what he is saying about sending people to prison. When talking to police officers in my constituency a year or so ago, I was told that they took five or six prolific burglars off the streets and put them away for a year or two, which had a massive impact on burglary rates in the area, so it does work. Although they will be released eventually and might reoffend, the fact is that putting people in prison does have an impact in certain circumstances.

Mr Clarke: Burglary rates dropped in recent years because we had an economic boom, and I think that there is a serious danger that they will go up again—they are going up at the moment—if we do not get out of our present economic difficulties quickly. Better policing also counts. In my opinion, the police have become much better at targeting suspected offenders and arresting the people causing most of the crime. Of course prison is the right place for serious offenders, so the sentences that the hon. Gentleman describes sound quite light to me for persistent burglars, and everyone gets a rest while they are sent to prison. As I said when agreeing with my hon. Friend the Member for Oxford West and Abingdon (Nicola Blackwood), while such people are in prison, given that they will be released one day, we should make more intelligent use of prisons to try to ensure that we reform those people so that they are less likely to reoffend.

Philip Davies: The Secretary of State seems to be arguing that sending people to prison for longer would not help to reduce reoffending, but his Department's own figures indicate that the longer they spend in prison, the less likely they are to reoffend. If he is not sure about that, I can tell him that the reoffending rate for people who spend less than 12 months in prison is 61%; for those who spend 12 months to two years in prison, it is 36%; for those who spend two to four years in prison, it is 28%; and for those who spend more than four years in prison, it is 17.6%. It is clear that the longer people spend in prison, the less likely they are to reoffend.

Mr Clarke: There is another debate to be had on that, which my hon. Friend will no doubt press for. If people are sent to prison for less than 12 months, we really do nothing whatsoever for them there. They are locked up, released at the end of their sentence and given no support when they leave, and there are staggering levels of reoffending. One thing that has always been done, by the previous Government and every Government, is that the more serious offenders are kept in prison for longer and more effort is made to try to keep an eye on them when they get out. That is a very brief summary of that debate. Once we start swapping statistics in this way, we could argue practically anything, particularly as most criminal statistics have been remarkably unreliable in recent years—I hope that they are now being improved. My hon. Friend's view is not quite the same as mine, but I respect it.

Mr Stewart Jackson: My right hon. and learned Friend is being most gracious and generous in giving way. I wish to be helpful, if I can. I am puzzled by his view on the fact that putting people in prison does not work, because he will know about the possible great success of the social investment bond in HMP Peterborough, where 46% of the indicative income for keeping prisoners in prison will go back to St Giles Trust, Nacro and other third sector organisations. That approach will be rolled out across the whole country, if it is successful. Surely the point is that putting people in prison can work, if it demonstrably reduces recidivism in the long run.

Mr Clarke: I do not disagree. I have always held up the arrangement at Peterborough prison as a model of where we want to go. It is exactly what I wish to

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encourage. People are imprisoned, first, because they have to make their reparations to the public and be punished for what they have done but, as my hon. Friend has rightly said, there is now an extremely interesting situation in place where attempts to start reforming criminals start in the prison and are followed through outside by St Giles Trust, which is the partner of the private sector managers of the prison. We hope to replicate that pilot across the country, which is an example of where we ought to go. People get the punishment first and then proper efforts to stop them offending when they are released.

Sir Alan Beith (Berwick-upon-Tweed) (LD): To pursue that point further, is it not the case that if we have a system that faces constant increases in numbers, overcrowding and prisoners being moved around in order to accommodate the problems that the system faces, we will not get sentence planning, the careful structuring of sentences or measures to prevent reoffending, which are needed.

Mr Clarke: I entirely agree with the right hon. Gentleman. Indeed, that problem has constantly recurred with the extraordinary explosion in the number of people in prison in recent years.

As I have said, I am not saying that everything is perfect in the wider criminal justice system. I freely acknowledge that reporting and public understanding of our system is far from ideal, which is one reason why the coalition Government have a far-reaching programme of criminal justice reform as well as measures to promote transparency and public understanding. However, we should not muddle the problems of an overly complex body of law, which is too rarely reported accurately, with the rules governing how our judiciary apply the law in particular cases.

For the avoidance of doubt, it is worth saying that although the Sentencing Council is a recent innovation, the approach that it embodies is not new. Sentencing has operated in England and Wales for more than 100 years under broadly the same well-established constitutional settlement, in which Parliament sets the overarching legislative framework within which courts sentence, including the maximum penalty and, for some offences of particular public concern, the minimum penalty available to the courts. The role of independent judges is to work within that framework.

Since 2010, the Sentencing Council and its predecessor, the Sentencing Guidelines Council which was created in 2005, have provided courts with a decision-making process to assess the harm that offences cause to victims and communities, suggesting common starting points and ranges, and highlighting aggravating factors. The Sentencing Council has not fundamentally changed the basic division of responsibilities or the balance of power between Parliament, Government and the judiciary. Before the previous Government created the Sentencing Council, the Court of Appeal carried out this function. Its criminal division gave guidance to courts when it thought that discrepancies were beginning to occur. The Court of Appeal has not lost that power entirely and still gives guidance when it feels it necessary. However, the council now provides the great majority of such support to the courts.

Stephen Phillips (Sleaford and North Hykeham) (Con): Will the Secretary of State give way?

Mr Clarke: If my hon. and learned Friend will forgive me, I ought to get on or else I will be running a seminar for a large part of the afternoon, which would not satisfy all my hon. Friends.

The Sentencing Council adds stronger checks and balances to the tradition. It does so, first, through its 13-strong membership. The majority of its members are judges and magistrates, but it also includes the Director of Public Prosecutions, the former acting Metropolitan Police Commissioner and the former chief executive of Victim Support. The council has not yet produced guidelines for any category of offences that have not received the support of the Association of Chief Police Officers. These are not simply judge-made guidelines for the courts; a range of backgrounds are represented on the council.

Secondly, the guidelines are determined independently and transparently, but with extensive public consultation. The consultations for recent guidelines have happened over 12 weeks and have elicited thousands of responses. Thirdly, the guidelines enjoy a proper level of parliamentary scrutiny. The right hon. Member for Berwick-upon-Tweed (Sir Alan Beith) and his colleagues on the Select Committee on Justice consider every draft guideline in detail, taking extensive written and oral evidence from a wide range of experts, including the chairman of the council. The Select Committee's work ensures that there is meaningful democratic engagement in sentencing guidelines, without compromising the crucial principle of judicial independence.

Over the past 18 months, the council has published guidelines on a number of areas, on occasion attracting lurid headlines about excessive leniency and so-called soft judges. Let me address that directly. Our judges are far from overly lenient. The average length of prison sentences has increased by 20% over the past 10 years. I do not have proper figures but, having practised myself 30 years ago, I think that the increase has been even greater. We now send many more people to prison and impose longer sentences than was ever the norm until the past four years. As my hon. Friend the Member for Gillingham and Rainham (Rehman Chishti) pointed out, judges can still respond to things such as the riots in an appropriate way.

The guidelines are concerned centrally with ensuring that sentences properly reflect the seriousness of an offence. They are statutorily required to have regard to the impact of sentencing on victims and public confidence in the criminal justice system. Naturally, people seize on isolated parts of the guidelines and quote them out of context. However, when set against the cases that courts see every day, they are well-thought-out, carefully considered, serious pieces of work. For example, the guideline on burglary concludes that domestic burglary should habitually attract a custodial sentence, that the sentimental value of any goods taken must be considered alongside their financial value, and that the presence of children when a burglary is taking place will significantly aggravate its seriousness.

Mr Leigh: My right hon. and learned Friend is gracious in giving way so often, and he has made clearly his point that burglars should get a custodial sentence. Let me refer to my previous intervention. If we are talking

about domestic burglary—which is the worst thing—in 2009, 37% of those convicted of domestic burglary were given a non-custodial sentence. Does it worry him that the courts are not following what he is advising, which is that the people who cause such misery should end up in prison?

Mr Clarke: Individual judges must have considered the guidelines, which are quite new. I am surprised by that figure, however, because burglary has always habitually required a custodial sentence. There must have been some feature in those cases that made people think—either because of a particular problem with the offender when it might have been better to send them on a drug-rehabilitation course, or some other mitigating feature—that on this occasion they would not impose a custodial sentence.

Like all criminal offences, burglary is a wide-ranging offence. It covers everything from someone who has opportunistically opened a door, nicked something off a shelf and run, to two men wearing masks and going into a building, prepared to be violent towards anyone who tries to stop them. There is bound to be a range of sentences, but the guidelines of the Sentencing Council state that domestic burglary should habitually attract a custodial sentence. I have always agreed with that, as does my hon. Friend.

I want to consider the guideline on drug offences that produced some headlines last week. That guideline helps courts to distinguish between organised criminals who, as we know, cause misery to families and the whole community, and those who have become involved in the drug trade through intimidation or a dependency of their own. Contrary to the rather inaccurate headlines that occurred last week, which claimed that street dealers caught with 6 kg of cocaine could avoid jail—that startled me when I heard it repeated on the radio—the truth is that possession of that amount of a drug would be a very serious crime. The starting point for sentencing would be at least seven years in custody, even for an offender playing a lesser role in a criminal operation, rising to a starting point of 14 years in custody for those who have a leading role. The wholly inaccurate headlines stating that drug offences would receive lighter sentences were based solely on the reduction of the sentence for so-called drug mules, if they are addicts and are being exploited to carry drugs for the person who is manipulating them. That sentence has been eased a bit, to the extent that sentences for drug mules who bring in 1 kg of heroin or cocaine now have a starting point of only six years in custody, whereas previously that might have been 10 years.

Significantly higher sentences were recommended for those who play leading roles in a criminal operation, which is why the guidelines on drug sentencing did not receive the slightest criticism from anybody who knows the criminal justice system, including the police and prosecutors. Frequently, the commonly made criticisms of our judiciary and of the guidance produced by the Sentencing Council are unmerited.

I do not, however, wish to defend the status quo uncritically. Anyone who is remotely acquainted with our justice system knows that there are genuine challenges facing it, and that we cannot afford any complacency in addressing them. Sentencing guidelines, and the work of the Sentencing Council, would benefit from further public scrutiny and understanding. The need to ensure that the guidelines receive due public and parliamentary focus is precisely why the Government have allocated today for this debate. I look forward to listening to right hon. and hon. Members and hope that the debate will make a small contribution to establishing public attitudes, and perhaps also to successfully scotching some of the myths that surround the Sentencing Council's work.

More broadly on confidence in the criminal justice system, it is no surprise to me that the public find it difficult to make sense of the body of criminal law, given that it has grown like Topsy in recent years. Under the Labour Government, constant changes and 20 criminal justice Acts over 13 years left us with a system that even experts have struggled to make sense of. Top-down schemes, meddling and prescription left the system in a complete mess. There were thousands of new offences. I was greeted publicly at the judges' dinner with the complaint that

"hell is a fair description of the problem of statutory interpretation".

The net result? A sentencing policy so chaotic and badly managed that towards the end of the last Government's time in office, they had no room for all the extra people they were putting in prison. They had to let 80,000 criminals out early who promptly went on to commit more than 1,600 fresh crimes. I approved of the new unpaid work community payback scheme, but the way in which it was put into practice meant that offenders serving community sentences usually completed only one or two days of unpaid work each week. That is why there is an urgent need to sort out sentencing, and why we are reforming it. We will simplify it and make it easier to understand, and the House has already considered the Legal Aid, Sentencing and Punishment of Offenders Bill, which is currently in the other place and will introduce some of our far-reaching reforms.

Under that Bill, we propose to reform the statutory duty on courts and judges to explain the meaning and effect of their sentences and communicate them in plain English so that people can understand what will happen to the offender. We are simplifying the release framework so that all prisoners will be governed by one set of rules, making it easier for justice agencies to keep victims informed, and we are replacing the disgrace of so-called indeterminate sentences for public protection with a tough, determinate regime that can be easily understood by victims and the public. *[Interruption.]* I hear protests, but we all know that the guru on sentencing, Mr Thomas, described those sentences as an "unmitigated disaster". In due course, we will also bring forward proposals to ensure that community punishments punish and reform more effectively.

Finally, I believe that our system suffers from a fundamental lack of information and openness. Public understanding of sentencing is critical to confidence in the system and to its effectiveness in ensuring that justice is done. We need to open up a system that to many people remains a rather mysterious world, to reassure people that the law is on the side of the law-abiding citizen. That is why I have announced measures that, in my opinion, collectively amount to a revolution in transparency in our courts.

One major item of progress is that we are developing legislation to remove the prohibition on cameras in courts and allow the broadcasting of sentencing remarks. That will be introduced in the Court of Appeal in the

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first place, but will be followed by extension to the Crown court at a later date. The filming of victims, witnesses, defendants and jurors will of course not be allowed under any circumstances. The change is intended to ensure that the public can see and hear sentences being handed down and hear the comments that judges make on cases. It is not so that our courts will become theatre. I hope that it will help to demystify the court process without undermining the seriousness and diligence that is so central to the quality of our justice system.

Alongside the televising of sentencing remarks, we are seeking to expand the use of restorative justice. Though the restorative approach is often seen as a means of reducing reoffending, for victims who want to take part it also helps to open up the court process. It allows victims to play an active role in helping the court determine how to deal with an offender, which is one reason why victim satisfaction levels with the approach are so high. Restorative processes can help to turn the justice system from one that does things to victims to one that does things with victims.

Last but not least, we are releasing more data than ever before on the performance of our courts. The radicalism of that policy has perhaps not yet been fully recognised, but it has the potential to deliver major progress in public understanding. For the first time, we are making available information on court performance, including delays and total times, and on sentencing decisions classified by offence. That will enable the public to see exactly what sentences are being handed down and where, particularly in their own locality, and it will help them to put that information in context.

What we are doing will represent a fundamental shift in how the justice system works. Justice must not only be done but be seen to be done if it is to command public confidence. The challenge is to deliver reforms to the wider system to simplify it and make its performance more visible to the public. As the measures that I have outlined suggest, I believe we are on the threshold of a step change in openness and transparency. The changes will complement and strengthen the sensible arrangements under which the Sentencing Council operates, which I readily acknowledge were introduced by the last Government, and its wider place underpinning the sound and long-standing division of responsibilities between the judiciary and the Executive in England and Wales. I look forward to the whole process being subject to parliamentary scrutiny, which we are taking a step further by having this debate.

1.46 pm

Mr Andy Slaughter (Hammersmith) (Lab): Transparency and consistency in sentencing is both an end in itself, as part of an open justice system, and a means to an end. It is an essential component in dispensing criminal justice that is fair and credible and has the confidence of the public. No one has a monopoly on wisdom in these matters, although this country is fortunate to have a judiciary and judicial system that has intellect and integrity and applies itself to achieving fair and honest outcomes. From the magistracy to the Supreme Court, from first hearings and summary trials to second and third-stage appeals, there is much to take pride in. Anyone who doubts that needs only to read the sentencing remarks of Mr Justice Treacy in the case of Dobson and Norris, the murderers of Stephen Lawrence.

That is not to be complacent, and it does not mean that we do not need to review and change things. In government, Labour improved the quality of training for lay magistrates, which means better and fairer decision making and gives us confidence to rely more on what has been a mainstay of justice for 650 years. We also set up the Supreme Court, a body that within a few years has become central to the administration of justice in the UK.

I give credit to the Lord Chancellor—*[Interruption.]* Will the Under-Secretary of State, the hon. Member for Reigate (Mr Blunt), allow him to have my attention? I give credit to the Lord Chancellor for some of the steps that he has taken to promote open justice. Publishing comparative data is a good way of examining the performance of individual courts and measuring consistency. We can cautiously welcome the televising of proceedings. Provided that it protects witnesses and victims and does not sensationalise crime or allow defendants to grandstand, it will be a welcome extension of the principle that the default position of the English courts is that they operate in public.

Perhaps in return, Government Back Benchers will give some acknowledgment of the record of recent Labour Governments, although I doubt it. We inherited a poor record in criminal justice, as we did in health, education and policing. We had communities in thrall to crimes that all too often went unsolved and unpunished and a sentencing policy that was too inconsistent and unscientific, lacking any coherent vision of how to deal with criminals and the revolving door of recidivism. Vulnerable young people were being recruited into crime at ever younger ages. In Moss Side, Liverpool, Newcastle and London, people knew that the Tories could not be trusted on crime and justice. Poorer communities suffered more from the effects of crime, and were abandoned by a succession of Tory Governments who either would not or could not turn things around. It was not only Liverpool that the Thatcher and Major Governments condemned to managed decline.

Paul Maynard (Blackpool North and Cleveleys) (Con) *rose—*

Rehman Chishti *rose—*

Mr Slaughter: I will give way to the hon. Member for Gillingham and Rainham (Rehman Chishti).

Rehman Chishti: The hon. Gentleman talks of managed decline and the Thatcher and Major Governments, but will he explain why 80,000 people were released early from prison under the Labour Government? Those people were prosecuted—I was a prosecutor—and judges passed proper sentences, but they were let out early by Ministers. That was totally unacceptable.

Mr Slaughter: I took only two notes when the Lord Chancellor spoke, one of which was on that point. It was a bare-faced cheek for him to talk about the early release of prisoners by some days at the end of their sentences under the Labour Government and then immediately to decry indeterminate sentences for public

protection, which ensure that violent and dangerous sex offenders are kept in prison until they are not a danger to the public. Does the hon. Member for Blackpool North and Cleveleys (Paul Maynard) want to intervene?

Paul Maynard *indicated dissent.*

Mr Slaughter: The hon. Gentleman can make his point in his own time.

Labour's legacy was somewhat different from that of the Thatcher and Major Governments. The current Government published statistics that show that over the last Parliament, there was a 43% reduction in first-time youth offenders—down from 107,040 per annum to 61,387. As a result, there was a 34% reduction in offences committed by young people, down from 301,860 per annum to 198,449. As a result of that, there was a 15% reduction in young people in custody, down from 2,830 to 2,418. That trend has continued to date. Those are long-term changes in behaviour, in opportunity and diversion from criminality, not the quick-fix methods of trying to shave numbers off the prison population that the Justice Secretary favours.

Youth offending teams—multi-agency partnerships embedded in local authorities—dealt with young offenders from arrest to court to managing their punishment in the community or the securest date for reintegration. As the teams bedded down in their core statutory functions, the previous Government added prevention work to their remit and resourced them with expertise on gang behaviour and restorative justice. We also gave them considerable latitude for innovation to allow for the development of new ideas and local solutions. At the same time, we created the Youth Justice Board to ensure that places in custody were commissioned efficiently and effectively to co-ordinate best practice among YOTs.

Mr Stewart Jackson: Would the hon. Gentleman care to explain why Labour Administrations, in 13 years, lamentably failed to deal with key prisoner issues such as literacy, numeracy, health and mental health? When we had benign financial circumstances and a growing economy, they failed the general public and prisoners.

Mr Slaughter: That would be a good point, if it were true. My colleagues and I visit prisons and young offender institutions around the country, every week and every month, and see excellent education work, and vulnerable and damaged young people gaining skills. We also see YOTs at work.

Nicola Blackwood: "Rehabilitation of Prisoners", a Home Affairs Committee report from 2004, states that

"47%...of prisoners...spent no time in education and 31%"

spent

"no time in prison work."

Mr Slaughter: The young lady—the hon. Member—quotes statistics, but she fails to give credit for the steps that were taken and the resources that were put in. I think I had better stop on that point before I say something else I might regret.

As I was saying, the Youth Justice Board and YOTs together ensured that a child-centric approach was embedded in our youth justice system. The Labour Government correctly said that the right way to cut youth offending and the number of young people in the secure estate was to stop them turning to crime in the first place. Labour's approach was incremental, evidence based and properly resourced.

The Opposition understand that the Lord Chancellor's reckless promise to lead the austerity charge means 20% cuts to YOTs in one year, but up to 60% cuts to their preventive programmes. We puzzled at the wanton attempt, which was abandoned only at the last hurdle, to abolish the YJB. At least the Government did not seek to abolish the Sentencing Council. I do not know why they did not do so, because it is a recent Labour innovation, and it is transparent and effective, and it gives coherence and yet flexibility to a key area of public policy. I would have thought it was ripe for the chop.

It is worth recollecting the recent history of sentencing policy to see how far we have come in a relatively short time. I do not disagree with the Lord Chancellor on the current operation of the Sentencing Council, but I shall go over its history to show how it developed. Prior to 2004, sentencing guidelines were laid down by the Court of Appeal criminal division in the form of guideline judgments, and beyond that advocates and sentencers were reliant on practitioner texts, primarily Thomas. The texts were effectively sentencing decisions in individual cases accompanied by a more general judicial commentary on sentencing ranges for the type of offence under consideration. In the words of Professor Ashworth, former chairman of the Sentencing Advisory Panel:

"A guideline judgment is a single judgment which sets out general parameters for dealing with several"

variations of a certain

"type of offence, considering the main aggravating and mitigating factors, and suggesting an appropriate starting point or range of sentences...This kind of judgment was pioneered in the 1970s...guideline judgments...set out a fairly elaborate framework within which judges should determine length of sentence...These judgments acquired authority from the fact that the Lord Chief Justice laid them down: they were intended to bind lower courts, and were treated as doing so...the key element is that they were intended and accepted as binding, in a way that most Court of Appeal judgments on sentence are not."

The Court of Appeal criminal division's guideline judgments covered both a limited number of specific offences and more general overarching sentencing principles. Guideline judgments were, however, relatively infrequent and by the late 1990s covered only a small proportion of offences.

The Crime and Disorder Act 1998 created the Sentencing Advisory Panel to solve a problem with the Court of Appeal system. When drafting its judgments, the Court of Appeal was constrained by the material on which reliance could be placed. The Sentencing Advisory Panel, chaired by a distinguished academic lawyer, was established to draft and consult on proposals for guidelines and to refer them back to the Court of Appeal for consideration and, in that way, to inform the issuing of a guideline judgment. The Court of Appeal was not obliged to accept the panel's recommendations, but in most cases did so, sometimes with modifications.

The important feature was that the laying down of guidelines remained under the control of the senior judiciary. The Sentencing Advisory Panel was launched on 1 July 1999 as an advisory non-departmental public body, its role being to promote consistency in sentencing by providing objective advice to the CACD to assist it in framing or revising sentencing guidelines. The panel

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consisted of 14 members, including sentencers, academics, those with recent experience of the criminal justice system and lay people with no connection with criminal justice. They reviewed the applicable law and statistics and any relevant research and consulted on proposals before formulating advice. In its first five years of operation, the panel produced draft guidelines on about a dozen offences, which were submitted to the Court of Appeal. The Court acted on all but one of those advices, issuing guidelines in a subsequent decision.

In 2001, the Home Office published the Halliday report, which examined the sentencing framework in England and Wales and concluded that we should go further and set up an independent body—either the Court of Appeal sitting in a new capacity or a new judicial body set up for that purpose. The Government took that recommendation forward in the Criminal Justice Act 2003, which established the Sentencing Guidelines Council. The council was established by the 2003 Act and came into effect on 27 February 2004.

Mr Buckland: I am very grateful to the hon. Gentleman for regaling us with a detailed history of sentencing policy development, but would he enlighten us on what happened to "custody plus", a policy that was introduced in legislation but then dropped because no work was done on how it would be implemented?

Mr Slaughter: I hope I am not boring the hon. Gentleman, who I know takes a keen interest in such matters. Contributions from Government Back Benchers seem ad hoc and based on anecdote. I am setting out how a Labour Government approached policy in a rather more controlled manner. He mentions "custody plus", but he will be aware—he was a member of the Public Bill Committee on the Legal Aid, Sentencing and Punishment of Offenders Bill—of the terrible confusion that he and his colleagues got themselves into on the question of whether to allow magistrates to sentence for 12-month periods. They first objected to that and then withdrew their objections, so he has not chosen a great example.

Mr Buckland: The hon. Gentleman touches on another measure the previous Government brought in but never enacted, so that was a very poor example to choose, if I may say so.

Mr Slaughter: At least we were clear in our intent—the hon. Gentleman does not even seem to be clear in that. However, I do not want to have a go at him. While I was listening to the Lord Chancellor, I was reading the evidence Lord Justice Leveson gave to the Select Committee. I was pleased to see that when he sits as a recorder he always fills his forms in properly and submits them to the Sentencing Council. I think he deserves a bonus for that. *[Interruption.]* I might be telling the hon. Gentleman things he already knows, or he might just not be interested, but I will progress.

In all fairness, the Lord Chancellor said that the Sentencing Council was a good thing to set up and that it was performing a sensible role. The Sentencing Council was set up in 2010 under the Coroners and Justice Act 2009. The Act replaced the SAP and the SGC with a single unified Sentencing Council. The council's functions, of which the House should take note, are to promote a clear, fair and consistent approach to sentencing; produce analysis and research on sentencing; work to improve public confidence in sentencing; prepare sentencing guidelines; publish the resource implications in respect of the guidelines; monitor the operation and effect of the sentencing guidelines; prepare a resource assessment to accompany new guidelines; promote awareness of sentencing; and publish an annual report, the first of which we saw last October.

I trace that history to show that, in only 15 years, we have moved from a largely ad hoc system to one that is comprehensive, statute based and already recognised as an asset to the criminal justice system. That process of change has been rapid, but organic. It has required co-operation and open minds among politicians, civil servants and sentencers. Finding a balance between a framework that delivers consistency and transparency, and retaining the discretion and independence of the sentencer, is no easy task, but the stepped process the council adopted permits the best of both worlds.

In his foreword to the first annual report, which was published last October, Lord Justice Leveson rightly says the council is proud of its progress so far. I do not believe we would have had a Sentencing Council without a Labour Government, any more than we would have had a Youth Justice Board or YOTs. I welcome the present Government's support for all three, however belated.

The annual report came too early for the latest published guidelines, on drugs offences, which were released last week, as the Lord Chancellor said. However, the guidelines are a good example of how an effective and intelligent sentencing regime could operate. They recommended lower tariffs for what are sometimes called drug mules, who, the council noted, are often vulnerable people.

Mr Leigh: If only to slow the hon. Gentleman down a bit—he is reading very fast—may I ask him a simple question? Does he think domestic burglars should go to jail on virtually all occasions? Is that the Labour party's policy now?

Mr Slaughter: I am glad the hon. Gentleman is listening, and I will direct my words more to him. He put that question twice to the Lord Chancellor, who made a very reasonable point: the purpose of sentencing guidelines is to identify a framework in which judicial discretion can progress. The question is therefore somewhat nonsensical. There are starting points for sentences, and there are recommended sentences; there are aggravating and mitigating factors, and there is a range of sentences that can be brought in. The Lord Chancellor talks about us commenting on sentences, but the hon. Gentleman seems to want the House to make sentences in individual cases, which is simply not possible.

Stephen Phillips: The point my hon. Friend the Member for Gainsborough (Mr Leigh) is driving at is Labour party policy on this issue. The Sentencing Council says domestic burglars should ordinarily go to jail. If the Labour party disagrees, why does it do so? Will the hon. Gentleman tell us?

Mr Slaughter: No, the Labour party does not disagree. As I said a moment ago, the Labour party set up the Sentencing Council and believes that thus far—we do

not always necessarily agree with everything it does—it has done a good job. I do not see the point of the hon. Gentleman's comment.

Anna Soubry (Broxtowe) (Con): Will the hon. Gentleman confirm that, under the previous Administration, the Sentencing Guidelines Council said that a first-time dwelling-house burglar who was addicted to a drug, and who was susceptible to treatment for that addiction, should not go into custody?

Mr Slaughter: I do not know whether the hon. Lady is still practising—she was practising recently—but she has a slight advantage over me in relation to those issues. However, the point is that we cannot pick and choose. Where I do agree with her, and where I disagree with the Lord Chancellor, is that the public have a role. The idea that they, or indeed the media, do not have a role in expressing their view of sentencing policy is quite wrong; if they did not, we would have no change, be it a liberalisation or an intensification of sentencing policy over the years. It is arrogant to say that they should not have a role. Indeed, in giving evidence to the Select Committee, Lord Justice Leveson said as much. He sees one of his important roles as chair of the council as going in the media to explain things. Yes, he is in despair, as the Lord Chancellor is, when his comments or recommendations are taken out of context and bowdlerised, but he sees that it is important to have the confidence, support and advice of the public, and indeed the media, in these matters.

I was talking about drug mules. The Lord Chancellor has referred to this issue, but it is a good example of where a comment by the Sentencing Council has been taken out of context. The council noted that drug mules are often vulnerable people and victims of exploitation and violent coercion by organised gangs. Disproportionately, they are women, poor and poorly educated, and they are minor beneficiaries of the illegal trade, if they benefit at all. However, the guidelines retain the deterrent effect of a substantial prison sentence, while rejecting the current entry point of 10 years' custody. They reduce that substantially, but the sentence is still six years.

There are changes in sentencing for the possession or supply of illegal drugs. However, if people make money from selling drugs, they will go to prison; if they deal heroin or cocaine, they will go to prison for a long time; if they deal drugs to children, they will go to prison for a longer period still; and those who take an industrial approach to drug manufacturing and supply can, under the guidelines, expect substantially longer jail sentences than is currently the case. That guidance and clarity is invaluable. By setting standards, it increases the likelihood of the deterrent effect working. It will increase public confidence and increase the confidence of victims in the justice system.

In government, Labour aimed to replace a patch-and-mend system of criminal justice with something more coherent and long term, whether it was a matter of prevention, detection, reassurance, due process—including sentencing—or punishment and rehabilitation. Now, we are going back to patch and mend. To get to the point of sentence, we need a well-resourced police force that can detect and solve crime, but we face 20% cuts to policing numbers. We need effective prosecutors, but we face 25% cuts to the Crown Prosecution Service.

Sir Alan Beith: Is the hon. Gentleman making a commitment that a future Labour Government—if there were such a thing—would increase expenditure on policing by 20% and expenditure on justice by a similar amount?

Mr Slaughter: I do not know whether the right hon. Gentleman is committing himself to the coalition in perpetuity in making those comments, but he knows the answer to his question, because the shadow Home Secretary set it out very clearly. We would have made cuts, but we would not have made 20% cuts, and we would not have made the cuts in front-line police officer numbers that are happening everywhere, but particularly, as I can attest, in London.

We need options for judges; we need prison places, which, as we know, are already at crisis level; and we need community sentencing. Every probation service and YOT can name at least one community sentencing project that has had to shut down in the face of cuts, and that is without looking at the cuts in youth services that divert young people away from crime and anti-social behaviour.

The Secretary of State and his Ministers talk a lot about restorative justice, and we have heard about it today. Restorative justice can indeed be transformative justice. As compared with control groups, those sentenced to restorative justice see falls of between 10% and 50% in reoffending. However, despite its success in Northern Ireland, the Government will not resource restorative justice conferencing.

The Opposition support effective alternatives to custody, but where are they? If magistrates and judges do not have the option of, or the confidence in, community punishment, they will be forced to impose custodial sentences. Cutting probation service, YOT and community justice budgets to the extent, and at the speed, that this Government are doing will fatally undermine their plan to reduce detention numbers.

Mr Stewart Jackson: Will the hon. Gentleman answer a direct question? If he is not in favour of a 20% cut in police numbers, and, assuming that he would ring-fence any savings or cuts within the criminal justice system, how would he make up the difference between the 12% cut in police numbers that he would make to Her Majesty's inspectorate of constabulary, and the 20% cut that the Government are proposing? Where would that 8% come from in the criminal justice system?

Mr Slaughter: I hope that I have answered all questions directly. The hon. Gentleman is asking about an alternative Budget. He is asking what a Labour Government would do differently. We have made it clear that we would not ask police forces around the country to take a 20% cut. That will result in falling police numbers and an increase in crime, but as always the Lord Chancellor seems completely complacent about the idea that we are in a recession and therefore that crime will go up. We were in a recession in 2008-09 but crime was still falling.

Andrew Percy (Brigg and Goole) (Con): Why, when police numbers in Humberside in 2008 fell by 137, did not a single local Labour politician campaign against the cuts, but instead defend them, saying that police numbers did not necessarily have anything to do with crime levels?

Mr Slaughter: I can go a certain distance with the hon. Gentleman, but I cannot get involved in the minutiae of his conflicts with local Labour politicians—he must fight his own battles in his own backyard.

The size of these cuts fatally undermines the coherence and transparency of the sentencing framework. The guidelines might talk about community punishment but we tell our judges, quite properly, to work with due care: they must minimise risk, and if they cannot sentence in the community, they will sentence to the secure estate. For women and children in particular, this is often a tragedy, disrupting families, education and life chances. We have agreed with the Government on those parts of their policy that simplify and rationalise sentencing options, as some of the measures in the Legal Aid, Sentencing and Punishment of Offenders Bill do, but we do not agree when quick and lazy solutions are sought merely to reduce funding. The 50% discount on sentences and the restriction of magistrates' ability to remand are back-door ways to cut prison numbers, and they put the public at risk.

The Lord Chancellor may be sincere in wishing to reduce the prison population and in seeing effective community punishment both as an alternative to custody and as a better way to reduce recidivism, but there is little or no sign that he knows how to do this or has the resources to do it. The very significant falls in young offenders in custody were not an aberration but the result of applied policies over 13 years. Keeping young people out of the criminal justice system by preventing offending is probably also the most effective way of reducing the adult prison population in the long term, but the scale of cuts to YOTs risks these hard-won gains.

Worse is the Secretary of State's attitude to dangerous offenders. This is another difficult issue but not one that will be solved by sweeping away IPPs and replacing them with a patchwork of slightly longer tariffs and the bizarre "two strikes and you're out" policy. Where violent and dangerous criminals and sex offenders are concerned, the public want a "one strike and you're out" policy.

I started by praising the sentencers and the sentencing framework that Labour introduced, and I noted the successes we had—not least the 43% fall in crime and the introduction of neighbourhood policing—but further improvements in sentencing policy are needed. Last summer's riots focused an unusual degree of attention on sentencing policy and practice, and questions were raised about the harshness or deterrent effect of some sentences. What should be of equal or more concern, however, was the disparity between sentences in different regions and different courts. Today's Library debate pack includes statistics showing that a higher percentage of people in black and minority ethnic groups than of white defendants were sentenced to immediate custody for indictable offences.

I wish I had confidence that the Government would deliver the improvements that we still need. Criminal justice policy should throw up a good deal of consensus, not least because effective solutions need continuity across Governments, but that is not what this ministerial team will be remembered for. Instead, they will be remembered for the sabotage of their flagship Bill by the Prime Minister's press conference shoe-horning a mishmash of measures into the Bill hours before the Lord Chancellor's statement to the House; for living under the shadow of their own Back Benchers, who are always watchful for a deviation from the "prison works" mantra; and for offering up cuts so deep and so damaging that successful initiatives have no chance of continuing or being replicated.

This is more than a missed opportunity; it is a certain path to decline. It is the opposite of transparency and consistency; it is holding out false hope and muddling through. The Secretary of State is a prisoner of the promises he made to the Treasury, and as the prison population grows towards capacity and further cuts need to be found in the rest of the Ministry's budget, his options will become more limited. On sentencing, as in so many other areas of public service and public policy, we found a creaking system and left one that worked well. Our legacy, and that of the country, from this Government will be another broken justice system.

2.15 pm

Sir Alan Beith (Berwick-upon-Tweed) (LD): I was going to begin by complimenting the previous Government on setting up the Sentencing Council, but given that the Labour spokesman devoted his final paragraph to the cuts, I have to say, before turning to the work of the Justice Committee, that since the Labour party envisages cuts on a similar scale to the Government's—they might be slightly smaller, but spread over a longer period—we are all talking about the same amount of money. Were there a realistic prospect of removing from the Ministry of Justice the obligation to make significant cuts in expenditure, we could all think of ways of spending the money, but any party confronted with office now would have the problem of funding desirable things out of a shrinking resource of public expenditure. If we can all be realistic about that, we may be able to make more progress on those things that we agree on.

One of the things that we seem to agree on is that the Sentencing Council is a valuable body. The Justice Committee has a statutory role in being consulted on the council's proposals, as has happened in several cases—a couple of reports are on the Order Paper today, one relating to drugs and burglary and the other relating to assault. Our normal practice is to take detailed evidence, after which I normally write to the chairman of the council, Lord Justice Leveson, on behalf of the Committee, and we publish the letter along with the evidence that we have received. I strongly recommend that Members concerned about the council read the evidence from representatives of bodies such as Victim Support and others who come to hearings and give their views about the impact of sentences and about what they think is appropriate.

We believe that the system works well but faces serious inherent difficulties. On the evidence base, we have drawn attention to a fundamental absence of sufficient empirical evidence on which to base decisions on guidelines—for example, those relating to the cost and effectiveness of specific sentences. This is a general problem for those in the judiciary, be they judges or magistrates. Rarely do they get much evidence on the effectiveness of sentences, still less on the effect of sentences on individuals—unless of course they see the same individuals coming back again and again, having committed further offences. We need to ensure that we have the empirical evidence to provide a realistic basis for decisions about appropriate sentences.

Another problem has been mentioned today: the need to produce guidelines which the general public can understand and which are not simply lawyers talking to lawyers—that was an expression that Javed Khan of Victim Support used in evidence to the Committee. There is a tension between providing guidelines that are reliable and soundly worded—for legal purposes—and enabling the public to understand what the Sentencing Council is doing. It is a challenging task, the importance of which we have drawn to Lord Leveson's attention. We also encourage Lord Leveson's efforts in matters of public awareness, to increase public understanding of sentencing and work more effectively with the media, a role that the judiciary did not want to undertake in earlier times, for understandable reasons, but which is now much more widely recognised to be important.

Having referred to the work that we do on the Sentencing Council, I want to address what the purposes of sentencing are. The first purpose in my view—this view is generally shared across the Committee—is public safety and the maintenance of law and order. Therefore, there are people who have to be sent to prison, in some cases for very long periods, because they represent a serious danger to public safety and there is no obvious way of reducing that danger while they are at large. Prison therefore has an important part to play in the system. However, public safety also requires that sentences be imposed that are most likely to prevent further offences and the creation of further victims. The vast majority of people who are sentenced in court will come out again—whether after a short sentence or after a longer sentence—committing further offences and still representing a potential danger to our constituents. In many cases, they will have committed offences for which it would not be reasonable, by comparison with more serious offences, to impose very long sentences; therefore, we have to accept the reality. People will come out of prison, and at the moment, far too many of them come out and commit further offences—often repeat offences—over a number of years, which creates more victims.

Mr Stewart Jackson: The right hon. Gentleman is making a reasoned and moderate contribution, if I may say so. Indeed, he certainly takes a more robust view than many in his party. However, what would he say to the family of my constituent, John Hutchinson, who on 31 October was attacked by a group of feral teenagers, one of whom has subsequently been sentenced to a nine-month referral order, which is effectively a glorified contract promising to be good? My constituent is now having to leave his home and go into institutionalised care. Where is the faith and trust of my constituents in the criminal justice system when such an incident happens, and when they know that that individual is likely to go out and commit further crimes in future?

Sir Alan Beith: The hon. Gentleman's constituent has obviously had a terrible experience, but we should all resist the temptation, in this place and elsewhere, to comment on particular sentences when we do not know all the circumstances in which they were given. If the sentence in a particular case is not appropriate, the Attorney-General has the power to return to the courts and seek a longer sentence, a point that the Lord Chancellor made earlier.

The second purpose of sentencing is deterrence, but the effectiveness of deterrence is often exaggerated. The fact is that when they commit offences, most criminals, first, think that they will not be caught and, secondly, do not have much idea what the sentence will be if they are. Therefore, sentencing is not usually a matter that is firmly in criminals' minds when they commit offences in the first place. There are many circumstances where the function of deterrence in sentencing is exaggerated. It is there, and it has a role to play. For example, after the public disorder last summer, there was a legitimate reason to believe that unless we made people realise that the offence of theft in the context of public disorder would be treated very seriously, there might be a failure to understand how the courts were going to deal with such matters. There was a deterrence aspect in that case, but there are many offences where deterrence plays no role at all, even though it is one of the legitimate purposes of sentencing.

That brings me to the third purpose of sentencing, which is punishment. Punishment is a wide concept, because it involves the community declaring that it rejects and abhors crime with all its harmful effects. We sometimes fail to understand that purpose of sentencing. One reason why people react as they might have done on reading in the newspaper about the case that the hon. Member for Peterborough (Mr Jackson) raised a moment ago is that they think the court has not demonstrated how seriously the community takes a crime of that kind.

Sarah Newton (Truro and Falmouth) (Con): I could not agree with my right hon. Friend more. Does he agree that the Legal Aid, Sentencing and Punishment of Offenders Bill, which is currently in the other place, firmly demonstrates the Government's commitment to that principle in relation to the crimes of sexual exploitation and paedophilia, by clearly saying that two thirds of a sentence must be served and that if somebody goes on to perpetrate another horrendous crime of that nature, they should receive a life sentence?

Sir Alan Beith: Yes, but there is also a public safety aspect to the kind of cases that the hon. Lady has described, in that they may involve criminals where the likelihood of their not reoffending is very low and where long, determinate sentences are therefore appropriate. However, the problem with this very necessary part of sentencing is that it can lead to a tension between society declaring very clearly that it will not put up with something and what would be likely to lead to that person not reoffending—I am not thinking of the kind of case to which she has just referred, but a much broader range of crimes.

Understandably, the public read about crimes and compare how different ones are treated by the courts; indeed, we all do that. We want to be sure that the worst crimes are taken the most seriously. Prompted by media reports in particular, the relative seriousness issue tends to be judged according to whether a sentence is a prison sentence and how long it is. Such sentences might not be the right answer for every case, however. The likelihood of reoffending could be greatly reduced in some cases by tackling a drug or alcohol problem, for example. If that is not done, it does not matter how long the person is kept in prison, because they will commit further offences when they come out, fuelled by their problem. The judiciary therefore has to bear in mind all the purposes of sentencing. Considerations of public safety, deterrence and punishment must all inform each decision.

[Sir Alan Beith]

In the light of those principles, we should also consider how the judicial processes work. We want them to enable the most effective sentences to be available and to be applied. As I mentioned earlier in a different context, however, we have a weak evidence base for allowing the judiciary to determine whether sentences have been effective. Few judges are able to tell how the sentences that they have passed have worked out in practice, or whether they have had the desired effect. The exceptions are those cases in which an offender comes back before the court. We need to deal with that evidence problem.

We have also seen a lack of effective management of sentencing and post-release provisions. The Government have set about improving that situation, and the Committee very much welcomes that. We have discussed in some detail the payment by results model and other ways in which the Government have sought to ensure that people coming out of prison have access to provisions that actually work. We cannot achieve that, however, if our prison system is in turmoil. A system in which people are simply shunted around in order to create spaces for other prisoners is the enemy of effective sentence management.

There is an institutional bias in the system in favour of the use of custody, regardless of whether it is the best option. If a judge or magistrate passes a community sentence, the first question has to be, "Are the necessary facilities available in this area?" That applies to residential provision for tackling a drug problem and to the various kinds of community disposal. We have to ask what is available. If a custodial sentence is passed, however, the prison van rolls up outside and the prisoner is taken away. The judiciary can be confident that that will happen, although it might not know where the prison place will be found. The system will find a place somewhere, however, and there is an institutional bias in the system in favour of such disposals.

Custodial sentences and non-custodial sentences are commissioned by different people. The commissioning of custodial sentences is a national function, carried out by the National Offender Management Service largely on a national basis. There is an attempt to provide prison places locally, but in practice, prisoners are often circulated and shunted around. Non-custodial sentences are commissioned much more locally. In the case of youth custody, we have seen how much more effective the process can be when it is handled locally. My Committee has regularly sought to interest this Government and their predecessor in the idea of more local commissioning of custodial and non-custodial disposals, so that a balance can be struck more locally. Clearly, there will still be a need for responsibility to be taken at national level for high-security prisons and other specialised services, but local commissioners could buy into that provision. In many areas, including the health service, this Government and the previous one have seen the value of a separation between commission and provision, and it seems strange that that is still not fully appreciated within the Ministry of Justice.

I want to refer to one of our Committee's earlier reports, "Cutting crime: the case for justice reinvestment", which was published not long before the general election in 2010. It was very well received and is still much quoted, which we find gratifying. The report identified a never-ending cycle of spending money on the punishment of offenders whose crimes we ought to have been able to prevent from happening in the first place. If we had spent the same amount of money on diverting young people away from criminality into positive activity, on education, particularly for those whom the education system has failed, on intervention to deal with problem families and on very early intervention for young children, we could have prevented some of the crimes. Instead, we are spending money on incarcerating the people who committed them.

I very much welcome what the Government are doing—particularly on the latter two issues I have mentioned thanks to the efforts of the Minister of State, Department for Education, my hon. Friend the Member for Brent Central (Sarah Teather)—in insisting that even in these straitened times, we must find money for early intervention and early access to education, especially for those in deprived circumstances. I welcome that commitment.

The theme of our report, which has sadly been overtaken in this respect by the circumstances in which we now find ourselves, was that there should be a real resources shift from the custodial system into crime prevention. On this issue, people often say, "You can't do that because the crime has happened," but if we do not start in some way to inject and invest money at the stages where people's propensity to commit crimes begins, we will continue to have to spend more and more money dealing with the consequences of crime.

We had, of course, hoped that financial circumstances might allow the money to start that process moving to come from elsewhere, but they have not allowed that—except to the limited extent to which the Government have been able to invest in early years education. The Ministry of Justice has thus had to find from within its own budget money to spend on more preventive measures. It is not just a matter for the Ministry of Justice, because it also involves the Department for Education, the Department of Health and a whole series of Departments whose expenditure decisions will determine whether some of our constituents are victims of crime in the future. Only to the extent that they divert those most likely to commit crimes away from that course will we achieve the purpose of preventing crime and promoting public safety.

The purpose of the sentencing system, as viewed here from the perspective of parliamentarians, must surely be the protection of our constituents—keeping our constituents safe. We should spend public money on sentences that cut crime rather than on the grim and often devastating consequences of crime. That is the principle towards which I believe all Governments should work, and I hope that this Government will work towards it.

2.32 pm

Keith Vaz (Leicester East) (Lab): It is an enormous pleasure to follow the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), the Chairman of the Justice Committee. I agree with almost everything he said. Many lawyers are present, which is not unusual in the House of Commons, especially on a subject like this one. It is absolutely the right approach to highlight the importance of investing resources on prevention rather

than at what happens at the end of the criminal justice system. As the right hon. Gentleman has said, that means early intervention—something that no Government seem prepared to do because it costs money up front, whereas at the moment, our system pays to keep people in prison at astonishing rates in order to punish them, but they often come out of prison and reoffend.

When the Solicitor-General winds up the debate—I understand that he is the Government's spokesman at the end—I hope he will tell us whether Lord Justice Leveson is still chairing the Sentencing Council, even though he is also—*[Interruption.]* I am most grateful; the Solicitor-General no longer has to wait for the winding-up speech. We work quickly together, Madam Deputy Speaker, as he is my neighbour in Leicestershire, so we understand each other quite well.

Madam Deputy Speaker (Dawn Primarolo): Order. Telepathy is difficult for *Hansard* to pick up and it is not easy for other Members in the Chamber. It would help if we made that sequence a little clearer.

The Solicitor-General (Mr Edward Garnier): To make it clear, the right hon. Member for Leicester East (Keith Vaz) meant that I, not Lord Justice Leveson, was his parliamentary neighbour. I say that in case that does not appear clearly on the record either.

Keith Vaz: In football terms, that was an instant replay. I am glad that Lord Leveson now chairs the important inquiry into the media. After that is completed, he will start the next inquiry. He must be an incredible chap to be able to chair the Sentencing Council and conduct all these other inquiries. I am glad that he is still there; continuity is important.

Let me go back to the intervention I made at the start of the Lord Chancellor's speech. He said that the Government would be able to give us more information at the end of the debate on the case that I raised, which has been concluded in the courts. It concerns a group of four al-Qaeda-inspired fundamentalists who admitted planning to send mail bombs to their targets during the run-up to Christmas 2010. Their targets included the Palace of Westminster, the home of the Mayor of London, the Stock Exchange, and other buildings of that kind.

Those defendants participated in what is known as a Goodyear direction, which, as the Lord Chancellor and other Members will know, enables a trial judge to indicate the sentence that will be given if a defendant pleads guilty. I understand that the sentence that is indicated cannot be increased by the judge at the time when the defendants are sentenced.

Rehman Chishti: I have huge admiration and respect for the right hon. Gentleman. However, I dealt with Goodyear indications when I practised as a barrister, and I recall that a judge can refuse to give such an indication. He can say, "This is too severe. If the defendant wants to plead guilty, he can do so; otherwise he can stand trial." A Goodyear indication can relieve a potential victim of the stress and the ordeal of giving evidence, but ultimately it is a matter for the judge: if he thinks that the sentence is too severe, he will not give a Goodyear indication.

Keith Vaz: The hon. Gentleman is a very experienced prosecutor, and he knows much more about these matters than I do. Perhaps, given the charges that were levelled against the individuals in the case that I mentioned, the judge ought to have refused the application, but the fact remains that two of the defendants, Mohammed Chowdhury and Shah Rahman, were effectively told by Mr Justice Wilkie that they would be out in six years, because that was what was indicated by the sentence of twelve and a half years that he proposed to give them.

I have raised that case because it came before the court yesterday, because we are debating this issue today, and because I think we should consider the severity of what would have occurred had the matter been brought to fruition.

The Solicitor-General: I do not want to rain on my right hon. neighbour's parade, but I am afraid that I will not be answering questions of the kind that he has put to me when I wind up the debate. The matter is ongoing. It may well be that the judge has given a Goodyear indication, but he will be sentencing next week, and nothing that I shall say today, or that the right hon. Gentleman will say today, should in any way impinge on the judge's discretion. The Goodyear direction system is there, and its conduct is circumscribed by fairly strict rules. While the right hon. Gentleman is perfectly entitled to make any point that he wishes to make about particular sentences, I think that—as my right hon. and learned Friend the Lord Chancellor said earlier—we would be better advised to leave that particular issue until the sentence has been promulgated. All sorts of implications may flow from that.

Keith Vaz: I am very happy to take the Solicitor-General's advice. What I have sought to do is ensure that the issue is looked at, as I hope it will be in future when the sentence is finally determined.

Let me move from the specific to the general. I do not want us to reach a point at which we have plea bargaining in criminal justice, because I think that that would be wholly wrong. The hon. Member for Gillingham and Rainham (Rehman Chishti) mentioned the riots. I pay tribute to the way in which the criminal justice system operated throughout that period. I well remember going to Horseferry Road magistrates court at midnight and receiving a call from the Under-Secretary of State for Justice, the hon. Member for Reigate (Mr Blunt), who welcomed me. I do not know how he knew that I was going to be there, but somehow he knew that I was looking at the 24-hour courts. Although there was something of a gap because both the practitioners and the defendants had to be brought from police stations, the courts moved very quickly at a time when it was necessary for that to happen.

Although politicians are very wary of trampling on the jurisdiction of the judiciary, the public, and even the Prime Minister, made known their views on sentencing during the riots. The result was that the courts issued sentences that were, on average, more severe than for similar offences committed outside the period of the riots.

I also pay tribute to the Lord Chancellor and the Ministry of Justice for providing my Committee with so much information. I do not think that we have had so much transparency before, as regards figures relating to

[Keith Vaz]

the riots being made available. I think it was the Lord Chancellor who told us, in a Select Committee evidence session, that 76% of people who appeared before the courts for offences committed during the riots had a previous conviction. He also told us that for adults, the figure was 80%, and for juveniles it was 62%. It is important, as we look at sentencing and transparency, that figures are made available to Select Committees and Parliament, so that we can have informed views on the issues that we are deliberating.

The hon. Member for Oxford West and Abingdon (Nicola Blackwood), who has left the Chamber, raised the issue of rehabilitation in her intervention on the Lord Chancellor. One of the most important issues that the Lord Chancellor has raised during his time in office is that of rehabilitation. As the Chairman of the Justice Committee has said, there is no point in just sending people to jail; if one convicted criminal in four reoffends soon after completing their sentence, something is wrong with the way we deal with rehabilitation. Of course people have to go to prison to be punished in certain circumstances, but the prison authorities need the time and space to start the process of rehabilitation.

We have been looking at the roots of radicalisation and will publish a report on the subject on Monday next week. We feel it is very important that when people are incarcerated, those who are able to detoxify—that was the word used in the evidence given to us, and I use it again today—people who have been radicalised have time to do that. One cannot do that in a short period, or without resources; it has to be done over a period of time. We need to ensure that when those people come out, the experience has made a difference to their lives, because at the end of the day it is our constituents who suffer if that is not the case.

This is a good debate, and I hope very much that it will not just be about tougher sentences, because as we all know, 83 of the 134 prisons in this country are classified as overcrowded. If we are to make sure that when people come out, they do not reoffend, we need a criminal justice system that is fit for purpose and able, in the end, to do the one thing that we want it to do: help in the reduction of crime.

2.43 pm

Philip Davies (Shipley) (Con): These debates on criminal justice matters always resemble a lawyers' dinner party; it is all very fascinating, but I am not sure that most of my constituents will be entirely impressed with the conclusions drawn from a lawyers' dinner party. Once again, we have a cosy consensus in this place, and that usually precedes a disaster in public policy. There was the exchange rate mechanism, which all the parties fell over themselves to agree with, and which was, of course, an unmitigated disaster; and the Child Support Agency, which all parties thought was absolutely marvellous, but which, again, ended up a complete disaster. Today, all three parties are falling over themselves to agree on the merits of sending ever fewer people to prison. Once again, we face consensus, which is a disaster.

I am sometimes misunderstood, so I should say at the start that I think the Secretary of State for Justice is a great man. He would be a greater man, however, if he was in charge of a different Department. That should not be misconstrued as my lobbying for him to become the Minister for Europe, by the way, but I do think his talents would be better used in another Department.

We have had a sterile debate on this issue for far too long. I believe that the first duty of any Government is to protect the public. There has been a long-running debate in which people are characterised as belonging to one of two separate camps: the camp that believes in prison, and the camp that believes in rehabilitation. The right hon. Member for Leicester East (Keith Vaz) seemed to reinforce that view towards the end of his speech, and it is a false division. I believe in sending people to prison; I also believe in rehabilitating people while they are in prison, and I do not see why a difference should be seen between the two. We must have a more sensible and nuanced debate.

There are two myths about the criminal justice system—first, that we send far too many people to prison; secondly, that prison does not work—and I want to try expose them both. The liberal elite are always conditioning us to believe that we send too many people to prison, but according to figures provided by the House of Commons Library, for every 1,000 crimes recorded in the UK, we send 17 people to prison. That compares with 29 in Ireland and 31 in Spain—in fact, virtually every other country in the European Union sends more people to prison for every 1,000 crimes committed than we do. Of course, in America they send more than 200 people to prison for every 1,000 crimes committed. People may mock, but they have a crime rate that is less than half the UK's.

I got the House of Commons Library to produce an interesting piece of evidence showing the prison population per 1,000 crimes committed, and the crime rate, in 45 different countries around the world. Obviously, there was not an exact correlation, but it was striking how close it was. The countries with the highest prison population also had the lowest crime rate. That really should not come as a great shock to people, because to be perfectly honest, most of the public would think it blindingly obvious that the more criminals we send to prison, the fewer we have on the streets committing crimes. It is blindingly obvious to everybody—apart, it seems, from the cosy consensus of the three major parties in this country.

My right hon. Friend the Secretary of State made the case again today that crime goes up when we have an economic recession and down when we have a boom. I asked the Library to test that theory, too, and it produced a graph showing the crime rate, prison population and gross domestic product in this country since the war. There is a striking, remarkably close correlation between the prison population and the crime rate: as the former goes up, the latter tends to go down. There is absolutely no correlation whatsoever between GDP and the crime rate, so that is an absolute myth. It might seem logical to think that such a comparison exists, but all the evidence from the Library shows absolutely no link whatsoever.

I would argue not that there are too many people in prison but too few. Of course, under the previous Government and the end of custody licence scheme, 81,578 prisoners were released early, including 16,000 violent offenders, 1,234 of whom went on to commit 1,624 new offences—including at least three murders—

during the time when they would normally have been locked up. That is 1,624 unnecessary victims of crime as a result of having fewer criminals behind bars.

A district judge told me about a bizarre situation that arose. On a Saturday morning, he sentenced somebody to six weeks in prison for theft. Three days later, on the Tuesday morning, the very same person came before him, having already committed another crime, despite having been sentenced to six weeks in prison just three days earlier. I asked how on earth that was possible. The judge explained that only half such a sentence is served, which automatically brought the sentence of six weeks—or 42 days—down to 21 days. Everybody was being released 16 days early, so that brought it down to five days. The individual in question had spent five days on remand before his trial, so, despite having been sentenced to six weeks in prison, he was let straight out. What an absolutely farcical situation. It is an utter farce and then we wonder why nobody in this country has any confidence in the criminal justice system.

The Government's policy is also based on a premise which we heard again from the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith)—the idea, which we are encouraged to believe, that it is so easy to be sent to prison in this country. A myth has built up that someone can commit a minor offence and will be mopped up by the police, marched straight to the courts and, without a by-your-leave, sent to prison. If only that were the case. I would love to live in such circumstances, but it is far from the case. In the real world, people commit crime after crime and go to the magistrates court where they are given community sentence after community sentence until, eventually, a magistrate or district judge gets bored and finally says, "I have no other option, I have sent you on every possible programme going and I now have to send you to prison." That is what happens in this country despite what the right hon. Gentleman said.

Sir Alan Beith: I suggest that the hon. Gentleman has a look at the evidence given by two ex-offenders who appeared before the Justice Committee during our probation inquiry, who both told us separately that their community sentences were extremely demanding, that they were fed up with them and that they had committed further crimes to get into prison, where they got three square meals a day and had much less to do.

Philip Davies: They must have had to commit an awful lot of crimes to get themselves into prison, because it is very difficult to get sent to prison in this country.

Let me emphasise the point. In 2009, according to the Ministry of Justice, 2,980 burglars and 4,677 violent offenders with 15 or more previous convictions were still not sent to prison. Today, the Secretary of State was saying that if someone commits a burglary they should expect to go to prison. In one year, however, 2,980 burglars with 15 or more previous convictions still were not sent to prison, which seems rather to defy the message that the right hon. Member for Berwick-upon-Tweed is trying to give.

Paul Maynard: Does my hon. Friend share my concern that there are prisons, secure children's homes and independent institutions where people, on their release, knock on the door begging to be taken back in? Those settings were the only place in which they received the care and support that they needed to be a meaningful member of the local community on their release. Does he share my concern?

Philip Davies: I share many of my hon. Friend's concerns and I am certainly concerned that many people are anxious to get back into custody. There are an awful lot of reasons for that, one of which he has given. Some might argue that another reason why people are so keen to get back into prison is that their quality of life in prison is far better than their quality of life outside prison. When 4,070 prisoners enjoy the luxury of Sky TV in their cells—not even in a communal area—we know that something is fundamentally wrong with our criminal justice system.

Anna Soubry: Could it not be that the quality of their life outside prison is so utterly miserable that even life behind bars is preferable to the dreadful life that they live in the community?

Philip Davies: My hon. Friend is absolutely right. We have this wretched organisation, HM inspectorate of prisons, the members of which come down from their nine-bedroom mansions in Oxfordshire, go around the prisons and say, "Oh, it's jolly awful in here, isn't it? Absolutely terrible." If those same people came from the same crime-ridden estates that people in prison tend to come from, they would probably say, "It's jolly nice in here." There is rather a big disconnect between the backgrounds of the people in prison and of these do-gooders, the prison inspectors.

Paul Maynard: As one of those do-gooders—I realise that that might be a matter of concern to my hon. Friend—may I ask whether he has any proposals on how we could improve local authority accommodation for young people, for example, to ensure that the communities where they live are safer for them than a secure custodial setting? What positive proposals does he have in addition to his House of Commons research?

Philip Davies: My positive proposal appears to have escaped my hon. Friend. I think I am right in saying that he is a member of the new 301 group, which I thought referred to the number of seats we had to win at the next election; I did not realise it was the target for the number of people we should have in prison, which seems to be the approach advocated. What about the quality of life of many law-abiding people in this country? We talk about the rights of criminals, but what about speaking up for the law-abiding people who think that their quality of life would be improved if more people were sent to prison in the first place? Not only are all those people not being sent to prison, but we still have a system in which someone who goes to court with 100 previous convictions behind them is still more likely not to be sent to prison than to be sent to prison. How on earth can we have a criminal justice system in which that is the case?

Mr Buckland: I yield to no one in my admiration for my hon. Friend's force of argument, but I query that last statistic. I have been looking at a sentencing survey that was conducted in relation to the Crown court for the six months from October 2010 to spring 2011, which says that 78% of offenders with 10 or more

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previous convictions were going straight into custody. That may not be the 100% he would like but it is a pretty hefty statistic by any reckoning, is it not?

Philip Davies: I think my hon. Friend is very good friends with Ministry of Justice Front Benchers and I suggest that he ask them some parliamentary questions, because those are the answers they have given. To be as helpful as possible, I will furnish him with the parliamentary answer that shows that people with 100 previous convictions behind them are still more likely not to be sent to prison than to be sent to prison. He might wish to take this up with his hon. Friends on the Front Bench.

I was shocked to receive a parliamentary answer showing the number of people who were given cautions for indictable offences, which are the most serious category of criminal offence and include murder, wounding with intent, abducting children and arson. That answer showed that 22 rapists, 24 people convicted of arson and 140 people convicted of unlawful intercourse with a girl under 16 have been given a caution. Bearing in mind the fact that cautions are given on admission of guilt, how on earth can we have a situation in which those people are not being sent to prison and are merely handed a caution? The Government are completely out of step with public opinion, particularly those highlighted in the Populus poll conducted by Lord Ashcroft, which showed that 80% of the public said that sentencing was too soft and that 70% called for life imprisonment to be made much harder.

There is this wrong idea that community sentences are far more effective at reducing reoffending and are also cheaper, but I want to point out that a Home Office survey found that the number of crimes committed per offender in the year before they were sent to prison averaged out at 140—or 257 for those on drugs. The typical cost calculated for those crimes was £2,000 each, which works out at £280,000 a year, in comparison with an estimated cost of £38,000 for a prison place, so perhaps we ought to think about what is most cost-effective.

In 2008, offenders who had completed a community sentence went on to commit a further 250,000 crimes in the 21 months following their sentence, 1,500 of which were serious offences including murder, rape and robbery. As I mentioned to the Secretary of State earlier this week, in 2008-09 some 6,600 people whom the probation service deemed to be high risk or very high risk were serving community sentences.

Then there is the myth that prison does not work. The reoffending rates for people serving short-term sentences is higher than any of us would like, but I have been to lots of prisons in the past 12 months, probably about a dozen—I even visited one in Denmark to see what they do there—and I argue that prison does work. It could probably work better but it does work. As I made clear in my earlier intervention, the longer people spend in prison, the less likely they are to reoffend. If prison itself was the problem, the longer people stayed there the more likely they would be to reoffend, but the opposite is true. I have given the figures: for people who spend less than 12 months in prison, the reoffending rate is 61%; for those spending 12 months to two years in prison it is 36%; for those spending two to four years in prison it is 28%; and for those spending four years or more in prison it is 17.6%.

Professor Ken Pease has used Home Office statistics to show that 13,892 offences resulting in conviction could have been prevented if offenders serving short sentences had been kept in prison for an extra month. That suggests an argument for sending people to prison for longer, rather than for not sending them to prison at all. My right hon. and learned Friend the Secretary of State complained, rightly, about the previous Government's early-release programme that let people out of prison 16 days early, but the solution should not be not sending them to prison at all, which is what he seems to be advocating now.

When people are in prison we must try to rehabilitate them, but I do not understand why rehabilitation has to occur in the community. I have been arguing about this for quite a while with my Front-Bench colleagues. I should like a system modelled on the TBS programme that has been operating in Holland for many years. It treats prisoners with a personality disorder, of whom there are a large number in our prisons, and has achieved low reoffending rates. People are treated in prison, which is much easier because they do not have so many distractions—they cannot go off and do other things. In prison, they can be given proper targeted support, which is much harder when they are out of prison.

I very much support the Secretary of State's promoting a stronger work ethic in prison. When I go round prisons, I am appalled by the lack of work ethic. Many prisoners are from families that have never worked; they are often the third generation who have never worked. Surely, one of the things we can do for them in prison is to get them into a proper disciplined routine so that they get up at a certain time in the morning and carry out tasks that get them into a work ethic. My right hon. and learned Friend is absolutely right to do that.

A study by Frances Simon in 1999 followed 178 prisoners until five months after their release. She found that 75% of those who had not sought regular work reoffended compared with only 28% of those who were actively looking for work and 15% of those in regular employment. That shows that even the discipline of going out and looking for a job can make a big difference to reoffending rates. Prison has to be the prime place where some of those people are given the discipline of a work ethic.

I think the Government are making a huge mistake about indeterminate sentences for public protection. Earlier today, my hon. Friend the Member for South Swindon (Mr Buckland) cast doubt on Ministry of Justice figures, but I trust my hon. Friends on the Front Bench. According to those figures, by the end of the 2010 calendar year, 206 people serving indeterminate sentences had been released from prison. Of those, only 11 had reoffended—a rate of about 5%, from my quick calculation. The criminal justice system as a whole would give its right arm for a reoffending rate of 5%.

If the Government are so obsessed with reoffending—the Secretary of State has said that he is—why on earth do they want to give up the part of the criminal justice system that probably has the lowest reoffending rate? It goes to show that the Secretary of State is not really preoccupied with the reoffending rate; he is preoccupied with reducing the number of people he sends to prison. That cannot be the right course of action and it is certainly not something that my constituents want.

Mr Kenneth Clarke: I am sorry to intervene just after my hon. Friend and I were warmly agreeing on the need to get a working environment in prisons. I can tell him that I had an excellent meeting this morning at the CBI, with leading figures from British business and the Prison Service, and we are making progress. On that we are totally agreed. With great respect, the figures my hon. Friend uses for IPPs are, unlike some of his other statistics, not very reliable. A tiny number of people have been released from IPPs, so to make a comparison between the very small sample he cites and the very large numbers he was using earlier is ever so slightly misleading. Most people imprisoned under IPPs have not been released and do not know when they will be released. There is an enormous backlog of cases for the Parole Board, which is wondering what to do with them.

Philip Davies: The figures my right hon. and learned Friend dismissed are the ones supplied by his Department. All I can do is give the figures as they are. They indicate that of the 206 people who have been released having served an IPP sentence, only 11 have reoffended. It is up to hon. Members to draw their own conclusion from those figures. The principle that we should not release people from prison until it is safe to do so strikes me and my constituents as a rather good one to have in the criminal justice system. His suggestion that we should release people from prison regardless of whether it is safe to do so seems rather bizarre.

Paul Maynard: Will my hon. Friend give way?

Philip Davies: If my hon. Friend does not mind, I will make some progress, because many other Members wish to speak and I want to draw my remarks to a close.

My final point is on the automatic release of offenders halfway through their sentence, which is one of the shameful things the previous Government sneaked through in the last Parliament. Prisoners are now not just eligible for release halfway through their sentence; they are automatically released. I think that that is a terrible situation. When I visited Denmark, whose criminal justice system is always seen as very liberal, I found that they do not have that system. They have the system we used to have, whereby prisoners became eligible for release halfway through their sentence. In fact, 30% of their prisoners were refused parole altogether and served the full sentence handed down by the courts, and they think that that is one of the major reasons why they had such low reoffending rates. I urge the Secretary of State not to have a system where we automatically release prisoners willy-nilly halfway through their sentence and irrespective of their behaviour in prison or their risk of reoffending. We should make proper judgments about people's fitness for release before we agree to release them. I think that we can learn from Denmark in that regard.

Esther McVey (Wirral West) (Con): Having worked with and represented many victims of crime and their families, I know that what they find most upsetting and offensive is when a sentence that they feel is just or suitable for the perpetrator of a crime is halved, which they say is an extra insult. In the case of a family I represent, the halving of a sentence is a double blow on top of the murder of their child.

Philip Davies: My hon. Friend is absolutely right. She does a great deal of work representing victims charities, such as Families Fighting for Justice, and should be commended for it.

With regard to transparency in sentencing, it cannot be transparent for people to be handed down a particular sentence when we know that in reality they will serve only half of it. I believe that honesty in sentencing should be introduced and that if someone is sentenced to 10 years in prison they should serve it. If I go down to my local pub and ask someone, "Did you hear that someone got 10 years in prison?", the first thing they are likely to say is, "Well, they'll be out in five minutes, and it's a waste of time anyway." That is one of the main reasons why people have so little confidence in the criminal justice system.

The primary role of the criminal justice system should be to achieve justice, not to find the cheapest alternative to sentencing or reduce the number of prisoners because prisons are reaching capacity. The Government's job is to provide the right number of prison places for the people the courts deem it right to send to prison, not to introduce Bills designed to reduce the number of people being sent to prison in order not to exceed capacity. If the number of school children in this country increases, we do not say, "Well, this is the number of school places, so tough; everyone else can go to the local phone box to be educated." No, we build more schools to provide school places, and the same should apply to prisons. If more criminals need locking up, we should build more prisons. The public need to feel protected, the perpetrators need to know that they will be punished properly and the victims of crime need to feel that justice has been done, as my hon. Friend the Member for Wirral West (Esther McVey) made clear.

I fear that my right hon. and learned Friend the Secretary of State is taking our party and this country in the wrong direction. Notwithstanding his excellent idea about work ethic in prisons, I believe that his sentencing policy is in danger of single-handedly losing the party its hard-won reputation as the party of law and order. More importantly, it is in danger of creating more unnecessary victims of crime.

3.9 pm

Gareth Johnson (Dartford) (Con): It is an honour to follow my hon. Friend the Member for Shipley (Philip Davies). I do not agree with every word he said, but he made some pertinent and correct points about honesty in sentencing. Perhaps I may add a further scenario to his list. I worked for the Courts Service, where I found that, for example, somebody could appear before magistrates on a Friday and receive seven days' imprisonment for a fine default. However, as the sentence was automatically halved, and as the weekend counted in their favour and they could not be released during that time, the prison van would throw them out before they even got to prison. A person can be sentenced to seven days' imprisonment and not spend a minute inside, and it is such dishonesty that, as my hon. Friend pointed out, angers many members of the public.

We all want consistency in sentencing, but we must recognise that we will never completely achieve that because it is impossible. No two offences are identical and there will always be differences in approach. As

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long as courts have discretion, there will be variation in how they deal with similar matters. If we remove that discretion, however, injustices will inevitably occur.

Members of the public view similar offences in differing ways, and we should not be surprised that often the judiciary will do the same. We want our judiciary to mirror the public, and just as the public have differing opinions about different types of offences, such variation can be reflected in our court houses. We need some consistency of approach, some basic similarities in decision making, and guidelines to help ensure that courts treat similar aggravating and mitigating circumstances comparably. We should never, however, be tempted to adopt a system that lacks discretion, flexibility, or the freedom to differentiate.

We need a degree of certainty, but not an over-prescriptive approach that removes a court's discretion. For example, a defendant who has entered a guilty plea can expect to receive a reduction in their sentence of about one third. The court, however, should be free to increase or reduce that discount, as it deems appropriate.

In the magistrates courts, the principle of local justice administered locally has served us extremely well for centuries. Some offences are frowned on more in one area than in another, and local justices of the peace are best positioned to clamp down on an offence that is prevalent in a particular area. Although that system inevitably leads to an imbalanced approach across the country, in such instances a variable approach can be a positive thing.

As my hon. Friend the Member for Shipley pointed out, justice must always be the primary goal in the judicial system. If we were to replace judges, magistrates and jurors with computers, we would have a more consistent approach—there is no doubt about that—but we would also have less justice. Whenever people deal with cases, there will inevitably be discrepancies in how they view the facts placed before them.

About 20 Acts of Parliament have changed sentencing practice over the past decade, and it is perhaps not surprising that our system is often confusing and unnecessarily complex. Perhaps an overarching approach is needed, not a series of ad hoc measures to amend the current system.

The system need not be unduly complicated. Sentences are normally straightforward, but the processes behind them are often baffling and confusing, and can lack the transparency that this debate is trying to find. The maxim that justice must be done and be seen to be done is as necessary now as it has ever been. Yet nowhere can the term "six months", for instance, have so little correlation to that actual period as in a court of law. I have spent more than 20 years working in the criminal justice system, and I have lost count of the number of times I have seen defendants turn to their advocate as soon as they are given a term of imprisonment and ask, "How long is that? How long does that actually mean for me? I have been told it is 10 years, but how long does that mean?" Sentences should be closer to the term specified, and there should be far more transparency and honesty in sentencing. It undermines the courts, the police and victims if the sentence that a prisoner serves bears no relation to the term that he has been given in court.

There are so many early release schemes that I know of no lawyer who can accurately tell a defendant how long a sentence will equate to in actual time served. It is simply too complicated. When a formula is needed to work out how much of a sentence a prisoner will actually serve, we know that there is something wrong with our system. That is precisely what happens now. The discipline departments in prisons have to apply a formula to a sentence to work out what somebody's earliest possible release date is. That highlights the problem in our current system.

Sentences are one thing, but there are many other things for the courts to consider. There is no merit in having an inconsistent approach to the enforcement of court orders. We should not have one criterion for enforcing community sentences in the midlands and another for the south, and fine defaulters should not be treated differently in one part of the country from another. Prison overcrowding in one area should not mean an earlier release for prisoners there than for those in other areas. However, for general sentences, we should allow some differences. We have to allow local courts to have a certain amount of flexibility. The message should go out from this House that this debate is not about controlling the courts but about delivering fairness for all. We should not micro-manage the courts but allow clarity to flourish more. Minimum sentences for gun possession have worked, not just because of the certainty and deterrence that they have provided but because courts retain an element of discretion.

In short, we need to get the right balance, and in doing so we need to strive for a court system that allows certainty in sentences, flexibility in process and fairness in outcomes to prevail.

3.17 pm

Anna Soubry (Broxtowe) (Con): It is a great pleasure to follow my hon. Friend the Member for Dartford (Gareth Johnson). I agreed with many of the points that he so ably made based on his experience. It is easy to joke about the profusion of lawyers taking part in debates such as this, but in reality many of us stopped practising only within the past two years, before we came to this place. We therefore bring with us an abundance of experience and knowledge, especially those of us who were at the criminal Bar and both prosecuted and defended, which gave us an insight into cases from both perspectives. That is a great feature of the criminal Bar and, I hope Members will concur, adds to our ability to bring real experience and hopefully insight to this important debate.

I shall put my cards on the table. I practised at the criminal Bar for some 16 years until my election, and I am very proud of that. I should perhaps not put this too strongly, but it was one of the most rewarding and enjoyable jobs I have ever done, for all manner of reasons. As a member of the criminal Bar I defended far more than I prosecuted.

I should like to put it on record that I find it most peculiar that the Labour party, certainly in my constituency, seems to think it should criticise me for standing up in the House and talking about the law, particularly the criminal law. Often, I speak in defence of not only my own profession but solicitors, who are suffering in a way they have never suffered before due to the reduction in

legal aid. I find it perverse that the Labour party attacks people such as me in those circumstances. It professes to be the party of the poor, the repressed, the deprived and some of the most needy in our society, but it is those very people whom so many at the criminal Bar and solicitors have represented for a long time, often with very little reward.

When I joined the criminal Bar, somebody said to me, "You are going to be a social worker wearing a wig." Those of us who have been at the Bar or worked as solicitors and who have defended criminals will know from experience how often we go beyond the fee—and it is not a very great fee. We know how often we have given a fiver or £10 to clients who have no money in their pockets so that they can get home when they find themselves in the fortunate position—my hon. Friend the Member for Shipley (Philip Davies) will despair at this point—of not going into custody when they thought they might receive a prison sentence.

I once gave a client £10 so that he could catch the train back to Worksop. This perhaps shows my naivety. I took him to Nottingham railway station and assumed he would spend the money I had given him on his ticket. In fact, he went off and bought a large amount of heroin and was arrested by the police. Hon. Members can imagine my reaction when I found out what he had done with the money.

I digress from the subject of the debate, but I want to make the point that the criminal justice system could not operate without the Bar and solicitors who often go that extra mile, often at their own expense, to ensure that it works properly. I fully understand and appreciate that the legacy we have inherited means we have no option than to reduce the amount that goes into the legal aid pot, which means that members of the criminal Bar are seeing a reduction in their fees—that is in the context of having had no genuine increase since 1997. I know the Government can do nothing about that at the moment, but when the time comes we must ensure that those who do legal aid work are properly remunerated. It could be said that I have diverged from the subject of the debate, but I wanted to make that point.

Consistency in sentencing can be truly achieved only when the following occurs. It starts at the beginning. To achieve consistency in sentencing, we must ensure from the outset that there is a proper and full investigation of the allegation. That means that witness statements must be properly taken and that all relevant evidence must be properly gathered. A constituent who has come to me has quite properly complained following an assault allegation—she was the victim. She suffered cuts that required stitching to her face and a broken jaw, but the police did not collect her medical records despite the fact that she had signed the right form. She has now been told that the police are going to make the charge "common assault". On the basis that what she told me is true, it is clear that the charge should be either for wounding or for a section 20 offence, or perhaps for an even greater offence. It was not a common assault, and it is clear that the police did not do a proper job in their investigation and in ensuring that all relevant evidence was available, which is important not just for the progression of the case, but so that the sentencing judge can pass the right sentence. In order to do that, we need to ensure that there is a full and proper investigation from the outset and that the right charge is reached. We also need to ensure that witness statements are properly taken, which includes, if appropriate, a victim impact statement.

My hon. Friend the Member for Dartford said that the previous Administration were overly prescriptive and mandatory—a long-standing complaint of many of us about their conduct of the criminal justice system. I do not want police officers to go out with a checklist of all the things they must do when they take a witness statement. I want them to be properly trained to be able to rely on their own plain common sense. I do not want them to be overly prescriptive and certainly not stereotypical.

In his statement the other day, the Secretary of State talked about the changes we intend to make to the compensation scheme. This might be difficult to understand, but he quite properly mentioned the fact that not all victims of crime look at the crime in the same way. I have been burgled more times than I care to remember; in some instances, that did not have a particularly upsetting effect on me, and I would be the first to say that, but on one occasion it upset me greatly because my grandmother's engagement ring was stolen. I do not know the value of the ring, and it does not really matter; what mattered to me was my sentimental attachment to that piece of jewellery. On another occasion when my home was broken into, I found it distressing that somebody had been through items of a very personal nature in my study. On another occasion, nothing much was particularly disturbed, so the trauma, or the effect, was not as great. However, we cannot say everybody will be the same, because, as we all know, crimes come in all different shapes and sizes, and they affect each and every one of us differently.

Sir Alan Beith: Did the hon. Lady welcome, as we on the Select Committee did, the fact that the Sentencing Council was prepared to treat burglary as an offence against the person, as well as against property?

Anna Soubry: Absolutely. If I may say so, there was so much I agreed with in the right hon. Gentleman's speech. From my short time on the Select Committee, I know he brings a huge weight of experience and plain, good common sense to his chairing of the Committee. I absolutely agree with what he says.

To be frank, I would never stand up and say we definitely want to keep the Sentencing Council. I know some of us disagree about this, but I always thought the Court of Appeal was a good place to determine the issues we are discussing, and I could see no good reason why that should not continue. However, we are where we are.

What we do know—this has already been mentioned—is that the sentencing judge will look at the aggravating and mitigating features in relation to every offence. It is therefore important that when the police go out and take witness statements, they make sure everything that should be in them is in them so the judge can pass the right sentence. If items of great sentimental value are stolen in dwelling-house burglaries, for example, that is an aggravating feature.

The same is true of trashing or ransacking the property, and of inducing fear in a particularly vulnerable person. One of the burglaries I suffered was at night-time, and my children were of an age where they were very frightened. They thought—this is common among children

[Anna Soubry]

who have the misfortune to have their homes burgled at night—that the person would come back, and they were in fear of that. Such things must be in the witness statements so the judge can pass the right sentence. That will give us the consistency we want.

One of the things that is extremely annoying for somebody who has been the victim of a car crime is the fact that they lose their no claims bonus. There is also the huge inconvenience caused by the fact that their car has a broken window and that they will not be able to use it because it has to go off to the garage. Again, those are important aggravating features.

In offences of violence, there can be an assessment of the physical scarring that might remain, and of the pain and suffering the victim might have been caused, but their mental anguish must also be set out in detail so that the proper sentence can be passed.

I would go further and say that when police officers go out to get statements from witnesses, they should include in them the effect of a particular crime on the witness. The classic example is somebody who witnesses a fight in the street, which might be a particularly violent and unpleasant incident. That will have an effect on the witness, and if it does, it should be in the witness statement.

At the heart of good, consistent and transparent sentencing is an overriding and underlying belief in the fact that we should trust our judges. I say that with absolute certainty in one respect: if I had not come to this place, I would undoubtedly never have been made a judge. I am not, therefore, making these comments to curry favour with any judge. Hon. Members may not find this surprising, but the reason I would not have become a judge is that I fell out with so many judges.

The Solicitor-General: My hon. Friend never fell out with me.

Anna Soubry: The Solicitor-General makes an unfortunate intervention, because I did indeed have the great pleasure of appearing in front of him—I was going to reference him slightly later—and we certainly did not fall out. No doubt, though, some of his brother and sister judges would say that that was because I appeared in front of him only twice, and that had I done so several times, perhaps the outcome would have been different.

One of the problems that occurred under the previous Administration was that they began not to trust judges enough, which was a terrible mistake. My attitude is this: I would give the judges the powers that they need and then leave them to exercise their discretion. At the end of the day, most judges come to the bench after many years in practice—usually in the discipline in which they sit in judgment. I said that I was going to mention the Solicitor-General, and I know that he has sat as a recorder in the criminal division, even though that was not his area of practice. I am not trying to curry favour with him, but the fact is that many recorders do not come from the criminal Bar and did not work as criminal solicitors but nevertheless have the great ability and skills required to act in just as brilliant a way as any other judge who was at the Bar for 15 or 20 years. *[Interruption.]* I am glad to see him nodding in approval.

The point is that with few exceptions our judges are outstanding, having practised at the highest level and coming to the position after years of experience on the basis that they have the ability to exercise good and wise judgment. That is why, with few exceptions, I trust them, and those of us who have practised know that if a judge makes a mistake, the case can be referred to the Court of Appeal.

Our judges have training, and I give full credit to the previous Government for something that I noticed at the criminal Bar: a huge shift in judges' attitude towards what we call domestic violence—an unfortunate term, because it is normally violence against women by somebody with whom they are either in a relationship or have been in a relationship. Undoubtedly, when I returned to the Bar about 18 or 19 years ago, some senior members of the Bar and judges just saw domestic violence as a bit of a domestic scuffle and not something to be dealt with or viewed as seriously as it is now. I give full credit to the work undertaken by the previous Government in that respect. I certainly saw a sea change among the judiciary, which was no longer going to tolerate any man even slapping his partner or previous partner. I saw that on a regular basis in the Crown courts in which I had the great pleasure to appear, and I give the previous Government full credit for that. That should give us confidence that our judges are properly trained and are more than able to pass the right sentences, as long as we trust them and enable them to use their discretion.

That, of course, was one of the great failings of IPPs. These sentences, introduced in the Criminal Justice Act 2003 to deal with defendants deemed to be dangerous, sounded like, and were, a very good idea. What could be more sensible than providing that a paedophile who had sexually assaulted a child and who had done the same thing previously would not only be sentenced for the outrage that they had committed against a child but that there would be a report on him—invariably it was a "him" as opposed to a "her"—specifically looking at whether he would pose a danger even after completing the determinate part of his sentence? If the report revealed that he had delusions and fantasies of a particularly vile and alarming nature, it was thought only right and proper that he be in custody, in prison, not just for the offence that he had committed but for the protection of the public—in this case, children—at large, because he posed a clear and obvious danger to those children.

In theory, therefore, the idea was wonderful. Many of us approved and agreed with the theory; however, I do not think that the legislation was ever properly looked at—I fear I am criticising both sides of the House for that. Indeed, we talked about the idea in robing rooms at the criminal Bar, and as we thought about it more, and then as it was rolled out, we could see its profound shortcomings. Because it was overly prescriptive, judges effectively had no discretion, so people were sent to prison—quite properly, because they had committed a serious offence—but then found themselves in custody with no time limit on their sentences and no idea when they might be released, on the basis that they were supposedly dangerous. However, that was often because the judge had no alternative but to making that finding, when the offender was clearly not dangerous in the terms that they have should been, as the sort of offender that I have described. Not only did those in custody not know when they were going to be released, but there

were no courses and no proper treatment available for them. None of the things that should have been done to drill down into their offending were done, so people were literally—and still are—languishing in prison. With great respect to my hon. Friend the Member for Shipley, I find it perverse that Opposition Front Benchers should agree with that aspect. For a party that has always prided itself on the liberty of the individual and the rights of the prisoner, it is absolutely wrong to support a system that has people languishing in prison, year after year, without the treatment that they need.

Mr Slaughter: I am pleased to agree with the hon. Member for Shipley (Philip Davies) when, on occasion, he is right, but I do not exactly follow the hon. Lady's argument. Is she saying that she objects to IPPs in principle or only to how they are working? If it is the former, we have a disagreement; if it is that IPPs have not worked perfectly, I would say that we made omissions in that respect. I advise her to have a look at the Government's response to the Joint Committee on Human Rights report on the Legal Aid, Sentencing and Punishment of Offenders Bill yesterday—which dealt with the point in detail—where the Government assert that they have resolved most of the problems with the administration of IPPs. If that is the case—and if she supports her own Government—why is she not now supporting them?

Anna Soubry: I am grateful for the information, and I will go away and look at it, but IPPs have just not worked. The legislation was flawed. Indeed, it was so flawed that after its introduction in 2003 there was a huge growth in the prison population. What did the then Government do? Did they take an honest approach and revisit their legislation, or did they take a different, simplistic approach and say, "Goodness me! There are too many people in prison. How can we bring the numbers down?"? They effectively amended the 2003 Act with fresh legislation in 2008, which made the situation even more perverse and wrong. What the then Government introduced in 2008 was a system whereby a finding of dangerousness could not be reached for someone who would not have got four years for their offence. Let me set out what that meant. I know of a case, which I worked on myself, where the trigger offence that had brought the offender—a man who was clearly a paedophile—before the sentencing judge did not warrant more than nine months to one year. I will not bore hon. Members with the details, but the judge was able to the look at the various reports on that man, which clearly showed that he was a danger to children, and he rightly decided on an IPP. However, after the Government changed the law in 2008, somebody like that man would now serve four and a half to six months, when that is exactly the sort of person who should be behind bars for a very long time.

Philip Davies: I have some sympathy with the idea that people should not be languishing in prison, not doing anything for years and years and not knowing when they might be released. However, surely my hon. Friend would agree that it is far better to say to somebody, "You will be released only after you have done something to address your offending behaviour," to give them an incentive to do so, as an IPP does, than just saying, "You'll be released after a certain period halfway through your sentence, irrespective of whether you've done anything to address your offending behaviour or not."

Anna Soubry: I thank my hon. Friend for his intervention and agree with him in this sense. It is not right for people for stay in prison without courses or the assistance that they need to address their offending, so that they can be released when they are no longer a danger. That is absolutely right. The problem is that those courses were certainly not provided by the previous Administration. As for release halfway through a sentence, I am very much with my hon. Friend on that for a number of reasons that other hon. Members have already discussed. I would like us to reach a situation whereby the judge can make it absolutely clear when sentencing how long somebody will spend in prison, which might involve changing the wording. If a judge says, "I am passing a sentence of two years; you will serve only one," it immediately undermines confidence, particularly that of the victim, in the criminal justice system.

I accept the difficulties that we have with the budget, but I would like us to be in a position in which a person is given a sentence and serves that sentence. Perhaps the parole board might see fit to release them early if they make remarkable progress while serving their sentence, as happens with community sentences. In those cases, if someone is making good progress, the probation officer can go back to the court and ask for the sentence to be shortened. The person can then be released from the sentence, because the job has been done. I would like to see that happening. The present situation is a hangover from the previous Administration. Judges have been told, "You've got to say this. You must say that. This is the formula." It is all too prescriptive. I want to see greater consistency and greater transparency; we need to trust our judges.

I hope that I have made it clear that I support the Government's reforms, including the abolition of the IPP, and the new system that we want to introduce. I also want to make this point on transparency. I will be absolutely frank: I have always been deeply cynical about the introduction of television cameras into courts. However, I have been persuaded otherwise by the Stephen Lawrence trial, as it is called. The judge had allowed members of the press to tweet from the press gallery in the court, and that allowed people to be informed in a very positive way. I have also been surprised by the number of my constituents who have gone to the trouble to read not only the sentencing remarks in full but a further interlocutory matter that the judge had dealt with in relation to the evidence. Reading that material from beginning to end had a profound effect on the way in which they have perceived the case and on their understanding of the sentences.

On the basis that any televising would cover sentencing only, and that it would involve all the remarks, not just the edited highlights—with great respect to the popular press, that practice has, as the Lord Chancellor has said, led to much disenchantment with the system—I have come to the conclusion that it would be right to have cameras in court. It would be good for transparency, and I agree with the Lord Chancellor when he says that it would restore trust in the system.

The right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), who is no longer in his place, talked about early intervention. Under this Government, we are bringing together different strands from various Departments, including the Department of Health, the Department for Education and the Ministry of Justice,

[Anna Soubry]

to look at this matter. We finally have a Government who are being tough on crime and particularly tough on the causes of crime.

3.43 pm

Rehman Chishti (Gillingham and Rainham) (Con): It is a real pleasure and privilege to follow my hon. Friend the Member for Broxtowe (Anna Soubry), for whose work at the Bar I have great respect. I was a barrister for eight years. I prosecuted and defended at all levels, and I appeared at courts with my hon. Friend the Member for Dartford (Gareth Johnson) in our younger days. Having practised at all levels, including magistrates courts, Crown courts and the Court of Appeal, I want to stress that in any civilised society, there must be a right to a fair trial. That right is at the very heart our constitutional law, as set out in "Hood Phillips". Related to that right is the issue of the competence of our judges. Having appeared before them at all levels, I can say that our judges—be they magistrates, district judges, Crown court judges, Court of Appeal judges or Supreme Court judges—are of the finest calibre. That supports the argument about consistency and transparency in sentencing.

Linked to that is the argument about checks and balances in our legal system. For example, I appeared at Maidstone Crown court many years ago representing a young defendant who was charged with six counts of supplying class A drugs, which one would have thought would get an automatic custodial sentence. However, taking account of the overall circumstances—the defendant was only 18, had been kicked out of home, had no job and no resources—it was decided that he got into supplying drugs as a runner in order to live day by day. In those exceptional circumstances, the Crown court judge ordered a community penalty and that he receive rehabilitation so that the young man could get somewhere in life rather than be stuck in a system in which he would go inside and come out as a hardened criminal. In that example, the checks and balances were clearly there. Within 90 days, the Attorney-General referred the case to the Court of Appeal, which then accepted the decision of the Crown court judge. It acknowledged that it was right and proper for the judge to show discretion in that case.

As I say, all the circumstances have to be looked at. As my hon. Friends the Members for Dartford and for Broxtowe rightly said, there is a sense in which not every case is a straitjacket. It comes down to having confidence in, and trusting, our judges. I made that point in my maiden speech, referring to the ability and the competence of our judges and the fact that they have to be trusted. Linked to that, I would say that rather than referring matters to the European Courts, they should be left to our Supreme Court and its judges—some of the highest calibre judges I have ever encountered.

Mike Weatherley (Hove) (Con): Will my hon. Friend comment on cases where the judges might have got something wrong and what routes of recompense there are in those circumstances? I speak as chairman of the all-party group on retail and business crime. I hear a number of instances from independent retailers where judges have given questionable summaries, so these retailers are unsure whether the justice system works in their favour. Let me cite one quick example, where a judge said that because the perpetrator of the crime stole scratch cards rather than real money, a reduced sentence was appropriate. The shop was particularly upset by the judgment but had no way of securing recompense by getting the sentence increased or getting justice from the system.

Rehman Chishti: I am grateful to my hon. Friend for that point, which I was going to come on to later, but will address now. When it comes to a court decision or sentence that people feel is not right, there are checks and balances. As I said, the Attorney-General can refer the matter to the Court of Appeal if the sentence appears unduly lenient. In the example my hon. Friend mentioned, it is right and proper to have the victim impact statement at the outset. The incident might seem trivial in some people's eyes, but not to the retailer in this case for whom the circumstances were very important. We must ensure that the gravity of the circumstances is properly taken into account.

We have discussed checks and balances from the prosecution angle. Here, I would say there are provisions in statute—the Criminal Justice Act 2003—where the previous Government got it right in respect of checks and balances. This deals with the prosecutor's right to appeal a case through a terminatory ruling to the Court of Appeal. I was involved in one of those cases. In the case of R and R at Harrow Crown court, a Crown court judge felt that gloves with lead in the middle of them did not constitute an offensive weapon—the same as knuckle-dusters—accepting that they were used to drive a Harley-Davidson. It was argued that these could not be offensive weapons per se and that there was no intent to cause injury. In that case, it was right and proper to use section 58(2)(b) of the 2003 Act to refer the matter to the Court of Appeal. The judge's decision was overturned.

That brings me back to the point about consistency in judges' decisions and the importance of having checks and balances—for example, at the Crown court where the Attorney-General can apply them to unduly lenient sentences. On the other hand, if a sentence is manifestly excessive, that, too, can be referred to the Court of Appeal. I would say that the system works well for both sides, ensuring consistency in sentencing from judges who, in my view, are some of the finest in the world and who have exhibited consistency in the cases that I have been involved in.

Linked to that issue are arguments about the Sentencing Council, which the Lord Chancellor and other Members mentioned. The composition of the Sentencing Council is the important point for me. We have referred to senior judges on it and we have mentioned people from Victim Support. It is entirely right and proper to have sentencing guidelines where there is experience at all levels.

The other point raised by my hon. Friend the Member for Dartford was the need to ensure that there is consistency throughout the country. One member of the Sentencing Council, the hon. Mr Justice Globe, has practised on the northern circuit, while another, also an eminent member of the judiciary, has practised on the midlands circuit. There is a member from the Probation Service, and a member, Professor Julian Roberts, who is a leading academic. The integrity of this independent

body is maintained when its members, including judges, convene from different parts of the country to ensure that the guidance that it issues reflects the views of its entire membership.

As I said to the Lord Chancellor, it is right for us to have a sentencing guidelines council. The fact remains, however, that these are only guidelines. At the time of the riots in August, I made clear my view that the firm sentencing of the judges was entirely appropriate, because those tragic events were not ordinary incidents. The Sentencing Council is there to set guidelines in relation to day-to-day offences, but I believe that judges are right to depart from such guidelines when they must deal with serious and extraordinary events.

We all remember the rhetoric of 1997: "Tough on crime, tough on the causes of crime." Ten years down the line, when half the total number of offenders were reoffending within a year, we looked for the key factor in terms of the causes of crime. I think that it was nonsense for the then Leader of the Opposition—subsequently Prime Minister in the Labour Government—to use the words "tough on the causes of crime", given that events such as the London riots are often linked to causes such as the breakdown of the family and failure to provide the right support. The riots happened because society did not get it right and the Labour Government did not get it right. We know that alcohol is one of the key factors in crime, but the causes of crime were not dealt with in that regard. Instead, 24-hour alcohol licences were given out, which exacerbated the problem further.

I agree with what was said by my hon. Friend the Member for Shipley (Philip Davies) about the automatic release of prisoners halfway through their sentences. Earlier this year, I submitted a written question asking how many instances of bad behaviour there had been in 2010. I was told that there had been 11,500. Did those who had been responsible for that bad behaviour have to stay in prison for longer? The answer was no: they came straight out. That is clearly reminiscent of the last Government, who got it completely wrong. I suggest to the Solicitor-General that we should seek to ensure that if people are released halfway through their sentences, good behaviour should be taken into account. Indeed, that point is often raised by a great many judges.

When I mentioned early release to the hon. Member for Hammersmith (Mr Slaughter), his argument was, "It was only a few days here and a few days there." It is good that he has accepted that early release went on, but it was completely unacceptable for 80,000 people to be released from prison early under the last Government, for a number of reasons. A victim has plucked up the courage to go to court. The police have done their part, obtaining statements and tracking down the person responsible. There is either CCTV evidence or circumstantial evidence. There is a prosecutor who has prepared a brief, and there is a judge who has done his job and has passed sentence. That sentence is then undermined if someone is released early, or released early on curfew. In that respect, the last Government completely undermined our criminal justice system and people's confidence in it.

I strongly agree with what was said by my hon. Friend the Member for Broxtowe. I strongly support what the Government are doing in not just looking at custody arrangements. Of course one has to consider custody when an offence is so serious that that is warranted, but it is crucial to look at underlying causes, and at skills and education. A lot of the people whom we are talking about cannot read and write, so it is no surprise that they go inside, come back out, commit a crime, and go back inside. We have to ensure that they have skills, so that when they come out, they can contribute to society; that is right and proper.

Linked to that is the issue of ensuring that people work while they are inside. I very much welcome the Lord Chancellor's proposal that there be an offer of 35 hours' work in prison; that is right and proper. The money that people earn in prison should go to the victim, so that when a judge makes an order for compensation at the outset of the sentence, the money is paid. That is better than saying to the victim, "I'm really sorry; the defendant is going into custody, and he has no money." That is completely and utterly unfair to the victim. Under this proposal, the judge can give a sentence of custody plus compensation paid for through work carried out inside.

I very much welcome the reforms relating to knife crime and gangs—things by which all our constituencies have been affected, albeit at different levels; there might be more or less of them in different parts of the country. The Government are sending a clear message that knife crime will not be tolerated by introducing an automatic prison sentence for adults who use knives, or threaten to do so, and so endanger people's lives. That is right and proper; it is what the public want, and I very much want the Government to introduce that.

I welcome the Government's push towards ending the practice of releasing dangerous sexual and violent offenders halfway through their sentence without a Parole Board hearing. It is absolutely right and proper to protect the public—we have to do that—by ensuring that there is a Parole Board hearing and approval, so that we can be sure that the offender is no longer a danger to the public.

I know that my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard) has a detailed, lengthy argument to make; when I was at the Bar, I was taught that brevity is a virtue, not a vice, and I shall apply that principle. I have nothing more to say, other than that I very much support the Government's proposed reforms to improve our criminal justice system and ensure consistency and transparency in our legal system.

3.56 pm

Mr Edward Leigh (Gainsborough) (Con): It is an honour to follow my hon. Friend the Member for Gillingham and Rainham (Rehman Chishti), who, although a fellow member of my chambers, is a far more distinguished barrister than I have ever been. He speaks with great authority. However, I do not wish to declare that legal interest, particularly; I want to declare as an interest the fact that I have been a victim, as has my hon. Friend the Member for Broxtowe (Anna Soubry). I have been burgled four times, twice in London and twice in Lincolnshire, and it has never been other than a completely traumatic, devastating experience. I apologise if that somewhat warps my judgment when it comes to burglars, but there it is. My experiences are similar to those of no fewer than 745,000 of my fellow citizens who, in 2010, were burgled and had their lives traumatised.

[Mr Edward Leigh]

On the last occasion on which I was burgled, the burglars stripped some lead off the roof; fair enough, but they then came inside and stole the hot-water tank, without bothering to turn off the water—why should they? That would have been a kind gesture. The result was that the house was completely flooded. Everything was ruined, and my experience is not unusual nowadays. I do not accept the argument of the liberal elite—if I may use the sort of language used by my hon. Friend the Member for Shipley (Philip Davies)—that there are nice burglaries and bad burglaries; all domestic burglaries are absolutely horrible, and the public are completely fed up with them.

The deterrent is simply not great enough. In 2010, there was a statistically significant increase of 14% in domestic burglaries, so it is not surprising that 60% of adults feel that crime has gone up since last year. We heard earlier that the public do not necessarily understand what is really going on, and that they read the popular press, but I trust the public. When there are 745,000 burglaries, they start to worry, and they feel under threat in their homes. That ruins their lives. Vulnerable, older, and poorer people feel that even more strongly. They cannot live in gated communities.

I suppose that the police tried their best when I was burgled, but there was no evidence that there was any follow-up, or that they were taking intelligence. They seemed to be overwhelmed. All they said to me is, "You have to have a burglar alarm fitted and fit more locks." However, the poor simply cannot afford this. It is the poor and the old who suffer. Judges and we in this House have a duty to defend our people from being victimised in this way.

Philip Davies: I agree with everything my hon. Friend is saying. Is it not all the more terrible that 10% of all crimes and 20% of all burglaries are committed by people on bail? Given that, should not the Government be doing something to tighten up the bail rules, instead of making it harder for courts to remand people in custody?

Mr Leigh: I agree with my hon. Friend. I do not want to weary the House with too many figures, because then I will be accused of quoting statistics, which do not give the whole story. However, these figures are alarming and it is up to the Government to reply to them. As I have said, 48% of all burglars do not receive an immediate custodial sentence. Some 37% of burglars of private dwelling houses—the worst form of violation of our fellow citizens' rights—do not receive a custodial sentence. Approximately 87% of custodial sentences for domestic burglary are for less than three years. In 2010, only 16% of those convicted of burglary were sentenced to more than 18 months in prison. In other words, only 16% were sent to prison, and a lot of them were out within nine months. We know that a house that has been burgled has a 20% chance of being burgled at least once more within a year.

Apart from the trauma and the violation of people's rights and privacy, burglary costs insurers a staggering £370 million per annum. Members should not believe all those insurance adverts in which the kind insurance company comes in the next day and mends everything—that does not happen. As I and our fellow citizens know, it is hard going every inch of the way with these insurance companies.

What about the clear-up rate? The British crime survey shows that approximately 659,000 domestic burglaries were committed in 2009-10. Given that only 9,670 such offenders were convicted, the clear-up rate was a mere 1.4%. So, not only are many of the punishments derisory—someone who is convicted, if indeed they are convicted, will not go to prison for very long—but the clear-up rate is incredibly low and the police are obviously struggling to deal with the problem. As my hon. Friend the Member for Shipley said—the point he made bears repeating—according to Ministry of Justice figures for a particular year, 2,980 burglars with 15 previous convictions were not sent to prison. I hope the Minister will reply to that point when he sums up the debate.

We had an argument earlier about current sentencing guidelines. I quoted various figures to the Secretary of State during interventions, saying that only 48% of burglars go to prison, and he said, "I'm sorry, but my position is absolutely clear: I believe that if you burgle a private dwelling house, you should go to prison." The purpose of my speaking in this debate is to try, in my own small way, to convince the Secretary of State, the judges and the whole system that there is a widespread and strong belief and understanding among our fellow citizens that someone who breaks into and steals from a private dwelling house will go to prison, and I want to drive that message home. However, I was told that sentencing guidelines—my hon. Friend the Member for Broxtowe spoke with great authority on this issue—suggest a community sentence for first-time offenders. They may have been convicted for the first time, but how many burglaries have they actually committed? We have no idea. We are talking about a community sentence—no prison sentence at all.

Currently, for a category 3, lesser harm or lower culpability domestic burglary—I do not accept this language, which is that of the Sentencing Council—the sentencing starting point is a high-level community order. Our fellow citizens will be astonished to hear that somebody can commit a domestic burglary and get a high-level community order. The suggested range goes from a low-level community order to a mere 26 weeks' imprisonment, which, as we all know, is nothing like 26 weeks' imprisonment. On top of that, criminals receive a guilty plea discount. I am sorry to have to say that we are simply not doing enough to grip this.

The Solicitor-General *rose—*

Mr Leigh: I shall give way in a moment, and I hope that the Minister will reply to this point. There are far too many domestic burglaries and people do not feel safe in their homes. The punishments are not sufficient and neither is the clear-up rate, and that has a major effect on the quality of life in this country.

The Solicitor-General: On my hon. Friend's point about category 3 burglaries, is he suggesting that public policy should not allow any differentiation between domestic burglaries? For example, if in broad daylight the burglar puts his hand through an open window, steals a paperweight from the windowsill and walks off, should that be treated in the same way as a night-time

domestic burglary in which an elderly couple are traumatised and frightened or—as happened in his case—the house is trashed? Is he saying that there should be just one category, burglary, and that the sentence should be prison full stop?

Mr Leigh: Of course I am not saying that and of course judges should have some discretion. There is a range of burglaries. It is not for me to lay down the law and to say that there should be a minimum sentence or what it should be. I want to drive home the point that there should be a general understanding among the law-abiding public that their homes will be protected, as there should be a general understanding among them and among the criminal classes of what will happen if someone commits any kind of domestic burglary. I do not accept the language, by the way. We have heard descriptions of burglaries before in which somebody puts their hand through a window and takes a paperweight, and we have to ask how many people are going around taking paperweights—I do not know. The language suggests that it does not really matter very much, but it does matter and it is important.

Of course, there must be differentiation, but my point is very important: I want a general understanding of what will happen if a person violates someone's privacy and causes them trauma. I suspect that a lot of the time what is being stolen is not just a paperweight but something that is very personal and precious. It goes back to what my hon. Friend the Member for Broxtowe said about her grandmother's wedding ring. It might not be worth much, but the experience was traumatising. I want to drive home the point that if someone goes into somebody's private house and takes something, they should end up in prison.

The Solicitor-General *rose—*

Mr Leigh: I shall give way to the Minister and, if he gives me that reassurance, I shall sit down immediately.

The Solicitor-General: My hon. Friend has sat down already, so that is all right. I am trying to extract clarity from him. I want him to make the best case he can, but unless he speaks clearly it is difficult to respond in a way that does his argument justice. That was why I asked him the question and he has provided me with an answer.

Mr Leigh: I thank the Minister. We are at idem and I hope that the Government will now make an announcement in accordance with what I have been arguing for the past 10 minutes or so.

I want to drive home the point that it is the poor and vulnerable who suffer. A family with a household income of less than £10,000 is more than twice as likely to be burgled as one with a household income of £40,000 to £50,000. As a House of Commons, we are right to have this debate today and to raise this issue. I understand that the Government will make an announcement this afternoon on spent convictions—I have been told by the media that that will happen, but I do not know whether that is right. At the end of this debate and over the next few weeks and months, I want to elicit a response from the Government that shows that they are seized of the problem and are prepared to put sufficient resources into clearing up domestic burglaries through the policing system and to encourage the courts to take seriously the crime of burglary, of all crimes, because that is one thing that our fellow citizens want more than anything else.

4.9 pm

Paul Maynard (Blackpool North and Cleveleys) (Con): I must apologise to my hon. Friend the Member for Shipley (Philip Davies) for not being a lawyer but daring to participate in this debate. I hope he will forgive me. I must also apologise for not living in Oxfordshire or in a nine-bedroom mansion. I live in a two-bedroom ex-council flat; I hope that does not exclude me from this debate.

I represent the fourth most deprived Conservative-held seat in the country, and I hope that allows me to participate in the debate because, as my hon. Friend the Member for Gainsborough (Mr Leigh) has just pointed out, it is the poor who suffer most as a consequence of crime.

I should like to question some of the comforting nostrums that have been floating around the Chamber. Those who have read their *New Statesman* this morning might call it "reassurance" politics—saying things to make ourselves, rather than those we seek to represent, feel better. That is my primary concern. Language is crucial in this debate. We have to be judicious and proportionate in everything we say, but I sometimes fear that is rather difficult.

I also believe that victims have to have a crucial role in this process, not because I believe, as I fear some do, that victims will automatically demand the harshest judgment possible—far from it. We can all swap polling and survey evidence, but I want to highlight a survey I saw from 2009, which said that only 11% of the victims questioned felt that sending more offenders to prison would "do most" to reduce crime. That is not to say that people should not go to prison or that prison should not be unpleasant, but it does indicate that the comforting nostrum that all victims are slavering for the chance to see those who have caused them harm swing high simply is not the case.

I commend the Government for publishing more local, transparent data on sentencing. That is vital to improving not just transparency but public confidence in the system. I firmly believe that a transparent and consistent sentencing policy will be possible only if we start to reduce the prison population. Unlike some hon. Members here today, I do not believe we should seek to turn this nation into a gulag with as many people as possible crammed in.

Sir Peter Bottomley (Worthing West) (Con): My hon. Friend and I heard the interesting and often entertaining speech of our hon. Friend the Member for Shipley (Philip Davies), who mentioned the Netherlands. Does my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard) agree that if the Netherlands can close eight prisons because they do not have enough prisoners to fill them, and if their apparent crime rate and their apparent imprisonment rate are half of ours, on a population basis, we have a lot to learn from those who agree that we need to cut crime, cut the number of victims and cut the number of people in prison as well?

Paul Maynard: I agree with my hon. Friend entirely. I have always believed there should be a strong correlation between the amount of crime being committed and the number of people being sent to prison. If one is going in one direction, I fail to understand why the other is not going in the same direction, but it is not. There are now twice as many people in prison as when Michael Howard announced that "prison works". I therefore believe that for certain categories of prisoner it is essential to look at alternatives to custody that are robust without being harsh and that have lower reoffending rates. Indeed, the Lord Chancellor pointed out that that was one of the crucial indicators he had placed at the heart of the Ministry of Justice's work. In my view, that means we should start to focus not only on how many people reoffend after longer sentences but at what we mean by a short sentence and what is an appropriate sentence.

I might just about agree with my hon. Friend the Member for Shipley that sentences of less than 12 months are almost decorative. People at the young offender institutions I have visited say that the most they can do is fix people's teeth in that time, if they are lucky. Perhaps the shortest sentence should be 12 months, but that does not absolve us from trying to confront what we do in the community. I do not support the idea that anyone who is found guilty should be sent to prison, no matter what their crime. That simply is not the way to go. Within the youth justice system, there has been a 30% fall in the number of children in custodial settings without any increase in youth crime. That is an important example to which we should hold true. It is possible to reduce incarceration levels while keeping crime levels low. Once again, the two are not connected. Indeed, the Government have been able to cancel plans to build a new young offender institution at Glen Parva, thereby creating savings for the taxpayer.

My hon. Friend the Member for Shipley was rather dismissive of my participation in the 301 project. I hope he is not similarly dismissive of our participation in "No Turning Back"; indeed, perhaps he is a fellow member. I hope he shares my concern for effective financial management and good stewardship of taxpayers' money. One of my key concerns about the approach to criminal justice that he advocates is that it pays no attention to the cost to the public purse.

I make no apology for that consideration. Only yesterday, we spent time agonising over the Welfare Reform Bill and the deeply difficult cuts that we are having to make that will affect some very vulnerable people. Those are difficult decisions, which we do not take with any great pleasure. If we give that level of scrutiny to our welfare system, I strongly believe that it is incumbent on us to look with equal forensic attention at how much we are spending on our prison and criminal justice systems.

Philip Davies: I asked the Ministry of Justice what was the highest number of crimes that somebody had committed while still not being sent to prison—the number of previous convictions. The answer was 578. Somebody with 578 previous convictions was not sent to prison. That was 300 for shoplifting, 131 for drunk and disorderly behaviour, 79 for public disorder, 18 for breach of bail, 14 for criminal damage, nine for assault, eight for robbery, four for possessing an offensive weapon, one for actual bodily harm and 14 others. Does my hon. Friend agree that that person should still not have been sent to prison?

Paul Maynard: When I see my hon. Friend flicking through sheets of paper, I can always guarantee that a demon statistic is on its way to disprove the point being made by a hapless Back Bencher. Such is my lot.

The average cost of a year in prison is £45,000. Effective, intensive community sentences can cost as little as £5,000. I stress the word "effective", because I accept that much of our community sentencing is not very good at all. It does not do what it is supposed to do and is regarded as a joke, but there are intensive alternatives that have been shown to work. That is where we should focus our attention, not just on banging up everyone who has ever looked at us askance. Indeed, in a world governed by my hon. Friend, I might fear for my own liberty. It would be deeply concerning to end up in the Shipley gulag.

If I understand the complex legal world correctly, a community order can comprise 12 different elements. Some of them are relatively familiar: for example, curfews and unpaid work, which make up slightly over 30% of many community orders. What concerns me is that the more technical, specialist and difficult aspects make up less than 1% of the orders that are issued. The mental health treatment requirement is used in less than 1% of community orders, yet 40% of the offenders we are discussing have been judged as having a mental health need. There are numerous problems with that component. A high threshold is set, which requires a psychiatric report that can often result in a wait of up to 16 weeks. That may deter many magistrates from imposing an order. It also requires the psychiatrist to offer a specific course of treatment, which may not be easy to arrange, thus again deterring a magistrate from employing the order.

What worries me more than anything else is that magistrates might not fully understand the range of disposals they can use. All too often people in the criminal justice system tell me that if only they had known about this or that type of order they could have given the offender a more appropriate sentence. If I have one incy-wincy, teeny-weeny criticism of the Government, it is that cuts in training for magistrates might make it harder for them to be aware of what is available in their local area.

There are particularly good models in existence, such as the North Liverpool community court where judges remain actively involved in the offender's future post-sentence. They can see whether the sentence they impose actually represents punishment of the offender and solves their many problems.

I must also refer, as many Members have, to restorative justice, or youth conferencing as we have seen it in Northern Ireland. It demonstrates that there is innovation out there that can deliver better reoffending figures than a custodial setting. I want the Government to follow up their work on the intensive alternative to custody pilot that was run in Manchester. They published an excellent analysis of the pilot in July 2011, but it made it clear that it was very difficult to come up with robust reoffending figures for those who had gone through the system. As those of us who participate in these debates know, winning public confidence requires robust data showing that new, innovative methods of disposal actually work. It is difficult to provide robust figures for the intensive alternative to custody.

We need to understand reoffending rates far better, because these models can offer much greater cost-effectiveness. As I said earlier, we cannot look only at the criminal justice and public spending elements as if we are just warehousing criminals for two years or so for public protection, because they will just emerge ready to reoffend, and that will not provide the satisfaction—I use the word in precise terms—that a victim deserves.

Despite the fall in child custody, one in 10 prisoners are still in the 18 to 20 age group. Admittedly, this has spiked because of the riots, quite correctly in my view. However, the independent panel that looked into the riots identified the lack of support for young people moving from the youth justice system to the adult justice system as a contributory factor to the occurrence of the riots, which is worth bearing in mind. The Barrow Cadbury Trust found that almost half of those in the 18 to 20 age group were in local authority residential care and 40% had suffered some sort of domestic violence. The Secretary of State for Work and Pensions has stated in a Centre for Social Justice report that

"increasing penalties for offenders will do little to stop the next generation of prisoners and unlock the cycle of deprivation which so many young people are trapped in, unless it is accompanied by an attempt to tackle the underlying drivers of crime."

That is why I am concerned that any model that focuses simply on imprisonment and increasing the number of prisoners will not solve the wider problem we face.

We all age physically at different speeds, but we also age emotionally at different speeds. The human brain is not mature until the mid-20s—I suspect that for certain Members it might be much older, but I do not dare to speculate. It is worth looking at the model used in Germany, where those in the 18 to 21 age group are assessed for maturity. If the individual has a communication delay or learning disabilities, for example, there is the option that they will be disposed of through the youth justice process. That has been shown to work well in solving individual problems.

It is also important that our political rhetoric in the Chamber, on both sides, is mature when we discuss criminal justice. The Prison Reform Trust—I declare an interest as a trustee—recently published a report examining the reasons for the decline in child imprisonment. It found that politicians had played no role in that at all. Indeed, the best it could say about us was that we did not impede the process. I welcome the fact that the Government and others are now rejecting the easy, knee-jerk options. The Mayor's strategy on youth crime, for example, was notably mature and robust in how it sought to tackle the issue. Similarly, the Legal Aid, Sentencing and Punishment of Offenders Bill has made great strides in the right direction, although I am sure that we would want to see some of them move more quickly. I commend the Sentencing Council for the judicious work it has done so far, and I congratulate the Opposition, empty though their Benches are, on having done the right thing in setting it up.

In conclusion, transparency and consistency in sentencing can be achieved only by clarity of purpose, and by an iron will not to use sentencing policy to demonstrate other supposed political virtues. We do not need to be harsh to be tough, and we must never forget that victims are humans and have needs. To be a victim of crime is more than a financial event; it is a deeply upsetting and emotional experience.

Equally, we must never forget that perpetrators of crime are also human beings. Often, they are perpetrators not because they are evil—and I do believe in evil, and that there are evil people who should be in prison—but because the state has failed them at multiple stages of their life, almost from birth, in residential care homes, education and many other settings. Those people are on the conveyor belt to crime because we in this House have failed them time and again. To put such people in prison and merely wash our hands of them is not a solution to the state's failure to care for the most vulnerable in society.

4.25 pm

Rory Stewart (Penrith and The Border) (Con): I rise with an enormous amount of insecurity because I am talking to so many learned friends on a subject about which I know so little—I feel a little like a woolly mammoth staggering into a law library. My speech is really a series of hints followed by guesses, with perhaps some questions about the relationship of the Sentencing Council to our constitution.

It strikes me that there is a danger with the Sentencing Council that I would love to hear the Government address. It seems—if I may use portentous language—to be a threat to the liberty of Englishmen. I say that deliberately because it does not, of course, apply to Scotland, and I would not presume to speak for Wales. The Sentencing Council is a threat to the liberty of Englishmen because despite its best intentions—we have heard wonderful stuff about predictability, transparency, consistency and public trust—it is attempting to step on sacred ground. It is going where the state and administrators should not go; it is trying to cross the threshold of the courtroom door.

We in Parliament are connected to many things that are to do with the law. We create the law, and we define crimes and the factors relevant to them. We can even state the maximum sentence—or, in exceptional circumstances the minimum sentence—for a particular crime. We should not, however, become involved—and I fear that the Sentencing Council is involved—with the exact processes and factors that operate within the courtroom itself, and in particular with the independence and power of the jury and the judge.

We have heard a certain amount about the independence of the judge, but the most important point concerns the jury, which has a direct interest in knowing the connection between its verdict and the judgment reached. It is difficult for it to see that connection, however, in the current world of the Sentencing Council, which is an astonishingly opaque universe that might appeal to a management consultant or to a Taylorist soap factory. For example, in the case of grievous bodily harm, the Sentencing Council attempts to define nine aggravating factors, three statutory aggravating factors and 25 additional factors, and then to churn the whole thing through a sausage factory of nine different steps until a judgment is produced through that complex algorithm. How is the jury expected to understand the consequences of its verdict on such a judgment?

[Rory Stewart]

Purists may say that such things are none of the jury's concern, and that the jury does not need to know the sentence as its concern is merely with the verdict. However, that has never been true in English common law, which from the beginning has contained the notion of pious perjury—in other words, the jury's ability not only to determine the verdict, but to have an influence on the sentence. That was important, of course, when the death penalty attached to basic crimes, and it is still important today when we consider issues such as assisted suicide. It is a very important part of our liberty that the jury retains the discretion to affect the decision.

The second set of problems with which we are dealing concerns the independence of the judge. The jury is the preservation of our liberty, but the judge also has two important hands that are manacled by the Sentencing Council. The first is his ability to reach a decision based on the complexity of an individual case. The algorithms produced by the Sentencing Council—the lists of nine or 25 factors—are simply, in its own words, "non-exhaustive" lists of the factors that a judge is supposed to take into account. He is supposed to recognise the individuality of the crime, and the nature and history of the criminal. Those are the things for which we employ a judge—the things that a human is better able to provide than a machine or some checklist produced by the Sentencing Council.

The deeper, bigger problem is that the judge is not simply involved in a forensic investigation. It is not simply a question of fact or the analysis of evidence; at its deepest level, it is a question of morality and philosophy. When the judge determines a sentence, he is supposed to take on board not simply the crime and the history of the criminal but all the issues that we have heard about today—deterrence, public protection and justice in its broadest sense. They are not instrumental or factual questions but normative questions of morality and philosophy. Those things cannot be outsourced to a Sentencing Council that wishes us to tick boxes.

The defence of the Sentencing Council—that the guidelines are not mandatory—is of course deeply disingenuous. It is only under the most exceptional circumstances that judges can depart from them. Let us therefore remember that the reason why we have for so long protected the independence of the jury and the judge in English common law from exactly that type of administrative state interference is that we are English, not French. Such interference is a very Napoleonic approach, implying that the administrative state, with its astonishing mathematical formulae and algorithms, can generate the appropriate sentence within the hallowed space of the courtroom.

We must fight against that, because from the very foundation of our jury system, the basic principle of English common law has pushed against the idea of learned experts with their technocratic micro-management and instead recognised, since the early mediaeval period, the importance of even semi-literate jurors. The qualities that we look for in justice are not those of mathematical precision and science but those of common sense, human relationships, understanding and fellow feeling. In the judge, we look not simply for his learned nature, but for his compassion, philosophical insight and morality.

I conclude with a small reference to Blackstone. However convenient the new methods of trial may at first appear—indeed, all arbitrary methods are convenient at their first appearance—let it be remembered that the delays and minor inconveniences in the forms of our justice are the price that a free nation pays for its liberty in more substantial matters.

Mr John Spellar (Warley) (Lab): On a point of order, Mr Deputy Speaker. Following remarks today by the United States Defence Secretary Leon Panetta that US forces in Afghanistan will step back from their lead combat role by the end of 2013, Downing street appears to have announced a similar policy for British troops at its press briefing this morning. Surely that should have been first announced to Parliament. Has Mr Speaker been approached by the Foreign Office, the Ministry of Defence or even the Prime Minister's office saying that the Government wish to make a statement to Parliament either today or, at the very latest, on Monday?

Mr Deputy Speaker (Mr Nigel Evans): Thank you, Mr Spellar, for forward notice of that point of order. I have not received any information that the Prime Minister or any other Minister intends to make a statement today. Should that change, Members will be notified in the usual way.

4.34 pm

Priti Patel (Witham) (Con): It is a pleasure to follow my hon. Friend the Member for Penrith and The Border (Rory Stewart)—he is a most learned friend—who gave a great philosophical and moral insight into sentencing decisions and the factors involved.

This debate is long overdue and a range of views have been aired. I welcome the debate partly because it gives me an opportunity to commend the Government's approach to their victims strategy. I have had the privilege of engaging with the Ministry of Justice on its "Victims Matter" policy, including through a ten-minute rule Bill I sponsored at the end of last year.

There is a degree of consensus in the House this afternoon that far more needs to be done to support victims in light of the consistency and transparency of sentencing, and, importantly, to rebalance the criminal justice system, so that there is not a disproportionate focus on the offender and so that due consideration is given to the victims of crime. It is obvious that the Government's focus and what they have done are welcome and good steps in the right direction. Naturally, some of the Government's proposals will need careful consideration. I hope Ministers and officials engage constructively with Victim Support and other organisations to ensure that victims services are improved and enhanced.

As has been said, sentencing is a part of the justice system in which victims are forgotten, yet sentencing is important to them. Victims of crime want offenders to face the consequences of their actions. As my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard) has said, there is balance. Offenders must take on the full consequences of their action through punishment, and we must ensure that sentences reflect the crime that has been committed while providing the offender with an appropriate degree of punishment and rehabilitation.

That is partly why victims of crime, and certainly those I have met through my constituency work and those I have engaged with through wider dialogue through, for example, the all-party parliamentary group feel frustrated, angry and disfranchised, which is a good word to use in respect of victims in the justice system. They feel that they are ignored and that the emphasis is placed far too much on the offender. Sadly, there are far too many examples of that. There has been much commentary this afternoon on the media reporting of cases, but I want to mention one case reported earlier this month. Josephine and Douglas Manwaring wrote a victim impact assessment to call for the criminal who brutally murdered their daughter 20 years ago to rot in prison. The case was harrowing, but the bureaucrats involved tried to censor their views from the Parole Board considering the murderer's release. Those actions were totally unacceptable, and I trust that the Justice Secretary took robust action to ensure that those bureaucrats do not take it upon themselves to suppress victims in future. Victims must have a voice.

In another well documented case in Essex, victims of crime were completely circumvented and ignored in the sentencing of a prolific offender, Bradley Wernham. He was eventually apprehended after committing more than 600 offences, but when his case came to court, the victims were not given the chance to have a say. Instead, officials and the court refused to lock him up, and he went on to reoffend. The court decided not only to give him a community sentence, but to give him the usual benefits that come with it. It became a social experiment. Many of my constituents described his treatment as bribing him not to reoffend. Needless to say, the experiment backfired, and dozens of crimes later, he was eventually put behind bars. I emphasise that throughout the process, victims had no voice in the decisions and were never engaged.

The Justice Secretary and the wider Ministry of Justice team will share my concerns about such situations. Although the new reforms will take time to be effective, it is important that the Ministry reiterates to the courts, and to all those involved in the justice system, that victims must have a voice. They must be put first, especially in sentencing.

I want the Government to go further in keeping the public safe when persistent offenders are sentenced. In 2010, 651 offenders received between five and nine community sentences, while 10 offenders received between 10 and 14 community sentences. Those 661 offenders were given more than five chances to rehabilitate, but they still pursued a life of crime. In 2009, offenders subject to community orders committed more than 18,000 serious violent and sexual offences, including 172 sexual offences against children. Those figures are truly astonishing. They demonstrate that far too many criminals are being allowed to remain in the community, where they are reoffending and causing misery for their victims, when they should be locked behind bars to keep the public safe.

It is not just offenders on community orders who are continuing their criminal ways. Figures from 2009—again, Labour was in power—show that 21,000 criminals reoffended within one month of receiving a caution or an out-of-court disposal. I appreciate that there are strains on our prisons and that the previous Government left behind an appalling legacy, which this Government are seriously attempting to deal with, but when people are reoffending at such prolific rates, our courts must be empowered to imprison the most dangerous and persistent offenders. The Legal Aid, Sentencing and Punishment of Offenders Bill gives some reassurance that that can happen. In particular, I welcome the policy to remove some prisoners' automatic right to be released after serving just half their sentence in prison. However, I urge the Justice Secretary to be firm with the judiciary over the protection of the public.

Some really shocking examples have come to my attention of criminals being let out early only to reoffend. I have a string of examples, and we have heard others today. The point, however, is that public protection should always come first. We have heard that our prisons are straining at full capacity and that we must do more on rehabilitation, and I completely support that, because the cost of reoffending has been far too high. Colleagues on both sides of the House recognise that the system is completely unsustainable, given the figures for reoffending, the cost to the public purse and the cost of the prison system and the criminal justice system. More has to be done to make sure that resources are targeted appropriately in prisons to prevent reoffending.

We have had plenty of figures, including Ministry of Justice figures—I hope they are reliable figures—indicating that a good degree of taxpayers' money is being spent on prisoner education. That is, of course, welcome, but we should spend that money in a targeted way to ensure that we can turn around offenders' lives. The rehabilitation revolution and the proposals in "Breaking the Cycle" are absolutely targeted at doing that.

I firmly believe that prison has a role to play as a strong deterrent. We must ensure that our prisons work and that they do what it says on the tin. The Government's focus on reoffending and breaking the cycle of reoffending is absolutely key. We must make sure that resources are targeted in the right way to deal with the previous Government's dreadful legacy in the criminal justice system. We must do what needs to be done, protect the public and start turning around the lives of many of these persistent reoffenders.

4.44 pm

Mr Robert Buckland (South Swindon) (Con): I refer the House to my entry in the Register of Members' Financial Interests.

The sentencing process will always be imperfect and flawed because it comes at the end of a process that starts with a crime being committed, a wrong being done, resulting in damage, death or injury, and whatever the sentencing process contributes, that wrong can never be put entirely right: the family of the victim of somebody who has caused death by dangerous driving, sitting in court, will never be able to recover what they have lost; the partner and children of a householder murdered in the course of a burglary will never be able to recover what they have lost; the victims of a household burglary, examples of which we have heard today, will never be able to recover what they have lost.

It is wholly wrong, therefore, for legislators, judges or anyone else involved in the process to claim too much of the sentencing process or suggest that it can right the social ills of our country. It can never do that. As my hon. Friend the Member for Penrith and The Border

[Mr Robert Buckland]

(Rory Stewart) reminded us, its function is more limited but still important, bearing in mind the duty of the state and the Government to protect the public. That is one of the functions of sentencing. The others are to punish offenders; where appropriate, to offer the hope of rehabilitation to offenders; to reduce reoffending; and to deter others. Those are the functions of sentencing, and we lose sight of them at our peril.

To be fair to the previous Government, they enshrined those principles in law, through the Criminal Justice Act 2003, which was perhaps one of the few wise decisions that they took. It seemed to me, and many others involved at the heart of the system, that many of the previous Government's decisions were based on precious little evidence or analysis. I listened carefully to my hon. Friend the Member for Witham (Priti Patel) as she explained, as she always does, the case for victims of crime. As someone who was part of the system, as a lawyer and part-time judge, I know that it is easy to overlook victims in the process, because it is the state taking action against the individual, with the victim a mere player—a witness, if you like.

Those old nostrums no longer stand the test of time, which is why there is much merit in what my hon. Friend said about the voice of victims. Hence, I am a passionate supporter of restorative justice. Having seen the limitations of the court system and understood the lack of control that victims feel, I see in restorative justice a chance for those victims to regain control of the situation. Only a few months ago, I heard from the victim of a double rape, who told me and a rapt audience of about 100 people in my constituency about the first time she gained control of the situation. Having been brutally raped, she gave evidence in a trial that resulted in a successful conviction, but—understandably, perhaps—she was told at the end of the trial, "Thank you, you were a brilliant witness. That's all."

It might have been all for the criminal justice system, but it was not all for her, because she had to live with the consequences of what had happened—her job over, her family broken up, her life changed utterly. She said that when she met the perpetrator of the rape in prison, for the first time she had control over events. She felt that she was in the driving seat, that she was dictating the process and that she, although never being able to obtain full closure, was for the first time able to explain to the perpetrator of this dreadful crime the effect it had had on her. That is why I believe in restorative justice, and why I am delighted that the Government are committed to rolling out and enhancing this aspect of our system.

The Sentencing Council has come in for a degree of criticism today, and rightly so. My hon. Friend the Member for Penrith and The Border reminded us, most eloquently, that to reduce sentencing to a desiccated calculating exercise would be wholly wrong. Judges have to bring with them that element of humanity that is part of the human condition. When you sit in judgment on your fellow man or woman, Mr Deputy Speaker, you have to look them in the eye and judge them as one human being over another. Anyone who tries to rationalise that or limit those decisions to mere rationality does the system a disservice; indeed, they put it in danger. That is why we must never reduce sentencing to mere algorithmic calculation. However, that is the danger of the formulae that have been used in a number of guidelines issued by the Sentencing Council.

I enjoyed challenging Lord Justice Leveson about such matters when I described the new assault guidelines as the judicial equivalent of that game show "The Krypton Factor"—you may remember it, Mr Deputy Speaker, from some years ago—where hapless contestants had to crawl through an assault course and be challenged in a range of activities that seemed to baffle them and the presenter. My challenge was rebuffed, but I renew it in the Chamber today, because I firmly believe that the danger of guidelines is that because departing from them without proper explanation is a ground for appeal, they effectively fetter the discretion of sentencers. I have no problem whatever with trying to achieve a consistency of approach; and, to be fair to the right hon. Lord Justice Leveson, he agrees with that. He would be horrified if he thought that the courts system was somehow being reduced to mere arithmetic and calculation. However, the danger remains that with an over-emphasis on the guidelines—let us not forget that the court must, not "may", have regard to the guidelines—we become over-prescriptive in sentencing.

Rory Stewart: Just to expand on that point, does my hon. Friend agree that, as the US Supreme Court found in the case of Booker and Fanfan, the distinction between mandatory sentencing guidelines and purely advisory guidelines is misleading and dangerous? As he is implying, what appear to be simply suggestions operate in practice as mandatory sentences.

Mr Buckland: That is absolutely right. We are often told that guidelines are not tramlines, but my worry is that as we develop the system, that will increasingly become the case, which is a matter of legitimate concern to us all. My hon. Friend rightly reminded us earlier about the historic role of the jury. In fact, it is interesting to remind oneself that in addressing juries, counsel will be enjoined not to talk to them about the likely sentence that may be passed on the offender, because that is to trespass not only on the function of the judge, but on the function of the jury. My hon. Friend is quite right to introduce into the debate that element of realism, common sense and public experience that juries bring to the court system. That is why they are there, why the system works and why we as parliamentarians support it, and vigorously so.

Having criticised some of the Sentencing Council's functions, let me commend its research work. One of the better things that it has done is to start the process of looking at the decisions that are made in our Crown courts up and down the land, and to commission research on the attitude of the general public to sentencing. There are two reports in particular that I think the House would be interested to hear about, one of which I referred to in an intervention on my hon. Friend the Member for Shipley (Philip Davies). The report commissioned by the Sentencing Council and published in May last year by Ipsos MORI conducted a survey of just under 1,000 members of the public and interviewed offenders and victims of crime. Perhaps inevitably—but for the first time based on empirical evidence—the report quite rightly pointed out a number of key things, including that the public perceive the system as being

too lenient, but that some of their concerns are allayed once they have a greater knowledge of the workings of the sentencing system. The points that have been made about greater transparency and awareness, and about the televising of proceedings, are all founded on the research that has been carried out. It is plain and simple: if we give the public a greater understanding of the system, they will give the system greater support.

I was fascinated by the public's view on the reduction of a sentence in return for a guilty plea. They feel that we, the lawyers, are getting it back to front. They would understand and appreciate the system better if, instead of reducing sentences and giving people credit for pleading guilty, the court were to give longer sentences to those who plead not guilty and string the process out, only to be convicted at the end of a trial. They do not like the notion that offenders are somehow being rewarded for having admitted their guilt. That was a fascinating insight that we, as legislators, should bear in mind. Indeed, the Sentencing Council should also take it into account when it reviews the system of credit being given for a guilty plea.

Anna Soubry: Does my hon. Friend agree that the public perhaps do not understand that the courts give credit for a guilty plea because it spares the cost, and the trauma to the witnesses and victims, of a trial? Furthermore, if someone has admitted to having committed a crime, they stand a much better chance of being rehabilitated and helped, so that they will not go on to commit more offences.

Mr Buckland: My hon. Friend is right. The report found that there was an appreciation of the economic and emotional benefits of early guilty pleas. However, the public preferred the argument that guilty pleas spare the victims trauma; they were somewhat resistant to the economic, pounds, shillings and pence argument. That is quite understandable, given that members of the public view sentencing and the other criminal justice procedures with the utmost seriousness. To them, public protection through the criminal justice system is second only to military matters such as the defence of the realm—my hon. Friend the Member for Beckenham (Bob Stewart) has arrived in the Chamber at just the right moment—and is a matter of the utmost seriousness.

Other work has been commissioned by the Sentencing Council, and it has caused a bit of angst among judges, because they have to fill in forms after every sentence—*[Interruption.]* I hear involuntary groans in the Chamber at that. For the first time, the courts in England and Wales are being asked to provide a wealth of evidence about what factors and influences are taken into account when those decisions are made. The first report was published in October 2011, and it covers the six-month period from October 2010 to the end of March 2011. The results bear close scrutiny.

The survey covered many hundreds of cases. When studying previous convictions, it found that 78% of offenders with 10 or more previous convictions taken into account by the court were sent to immediate custody. That is a significant and reassuring statistic. It also found that 59% of offenders with one to three previous convictions were also sent to immediate custody, and that 49% of offenders had no previous convictions taken into account when their sentence was determined. Those facts need to be stated. For the first time, there is an emerging body of evidence to show what influences judges and what is going on in our Crown courts.

On the subject of discount for guilty pleas, the survey found that 69% of those who pleaded guilty received a full discount; 12% received a discount of between 20% and 32%; 8% received a discount of between 11% and 20%; and 8% received a much lower discount. That shows, in my view, that judges are using their discretion within the guilty plea discount system and are not formulaically applying the guidelines as laid down by what I think was the Sentencing Advisory Council in a previous incarnation of the Sentencing Council. We have started to create a body of evidence, although we still have a long way to go in working out what decisions are made.

I finish where I started. This is a human system, and it will always be an imperfect system, but if we rob of the system of its humanity, we are doing a disservice to our fellow citizens.

5 pm

Neil Carmichael (Stroud) (Con): I am grateful to be called to address the House on this important subject. I am minded of the observation of my hon. Friend the Member for Shipley (Philip Davies) that this debate might become a bit like a lawyer's dinner. I have never been to a lawyer's dinner because I am not a lawyer, so there will be no comments from me about the law. However, I think it is important to raise the issue of what people perceive to be going on in our systems.

Oddly enough, one of the first things I did when I became the Member of Parliament for Stroud was to campaign to save the magistrates court—and we successfully managed exactly that. I had to go to see what I was saving, and that was my first trip to a court. I do not expect to go to court in any capacity other than as an Member of Parliament showing interest. That magistrates court showed me just how detailed the thinking of the magistrates is when they decide how to deal with the people coming before them. I was impressed by the quality of advice they sought and by the advice they were able to give themselves. I was also impressed that young children regularly came to the court, as organised by Gloucestershire magistrates, to make them more familiar with the court and court processes.

That brings me to the first point I want to ram home. We need to understand that there are a large number of cases, that the public cannot know everything about any of them and that the public will certainly not have a proper grasp of the nature of the deliberations throughout a case. The Secretary of State for Justice quite properly acknowledged that point in his opening speech.

That leads us on to problems with the media and their gung-ho approach to sentencing, which can effectively mislead the public—not necessarily deliberately, but because they are sometimes so enthusiastic about making a general point. That does not help the debate. It is therefore important to recognise that the media can be damaging in this as in many other areas when they come out with relatively simplistic explanations of the circumstances they describe.

That is not to say that we should not encourage transparency. We certainly should do so, because the more we know about things, the better, particularly

[Neil Carmichael]

given the number of cases and the number of people who end up with custodial sentences. Information is important in the debate about sentencing and encourages people who are interested in the subject to talk about the issues in more concrete terms, with facts at their disposal. Transparency is absolutely necessary.

Bob Stewart (Beckenham) (Con): I have been listening to the debate in my office when I had the time. I have been on a RAF parliamentary scheme, but I wanted to come to the Chamber to make a simple point about transparency. In June 1986, I gave evidence at a trial in Belfast after the murder of 17 people. Five people were found guilty and were given life sentences. A few years later, I was informed that they had all been released. One of the things that I found upsetting was the fact that it was never explained why those people were released so early although they had killed so many. I think that the public would appreciate it if transparency operated in instances such as that. They would like to be told, "These people have been released for the following reason, and that was the judgment of the court." I appreciate that judges are very clever people and that they have sight of all the facts, but it would be nice if it could occasionally be explained why someone has been released early. I am sorry; that was a long intervention.

Neil Carmichael: I thank my hon. Friend. What he has said reaffirms my view that transparency is important. I do not doubt that the Secretary of State listened to that carefully as well.

The rule of law is essential to us as libertarians, as politicians, and as a country with common law at its core, and it is important to bear in mind that the separation of powers makes the rule of law work well if we respect that separation of powers. It is vital for us to recognise the independence of judges, to understand that—as the Secretary of State said—they are there to make judgments, and to understand that they are likely to be the best people to talk about a case because it is they who are judging it and know all about it. I think that politicians are heading into dangerous territory if they become too prescriptive about the way in which they think judges should be sentencing.

I also think it dangerous—this point was made by my hon. Friend the Member for South Swindon (Mr Buckland)—to think in terms of a sort of toolkit that forces certain decisions to be made because of what we think is happening in a relatively abstract way. It is important to make the distinction between specific cases and setting rules, which is what we are talking about, and to respect the fact that the separation of powers is core to our way of proceeding.

Why do we give out sentences? Surely one of the most obvious purposes of sentences is to ensure that people stop misbehaving, and that is what we need to talk about in this debate. Several Members have referred to the number of individuals who are reoffending, and it is true—I have checked the facts myself—that 57% of short-term jail sentences result in reoffending within 12 months. That is completely unacceptable: it is not what we are doing the job for. We need to understand why there is so much reoffending. I think that many aspects of the problem are connected with the way in which prison operates. For instance, a number of my constituents have encouraged me to think about the standard of literacy in our prisons, and quite right too. Far too many people who end up in prison, especially the young, cannot read or write properly.

Mr Buckland: I am grateful to my hon. Friend for spelling out the appalling problems of reoffending in statistical terms. Does it surprise him to learn that 70% of young offenders in detention have some form of speech, language or communication disorder?

Neil Carmichael: No, it does not, because I was told that a few weeks ago. I think that the "toe by toe" approach in our prisons is an important way of lowering that figure. I urge the Ministry of Justice and the Secretary of State to think carefully about how we can improve literacy in our prisons so that those leaving prison can have a better chance of participating in society and employment.

Of course, the same applies to drugs: there are just too many people in prison taking drugs, too many people going to prison with drug habits, and too many leaving with a drug habit, which is completely unacceptable. It is important that we tackle that in a rigorous way.

A lot of people have talked about restorative justice. It is a great way of dealing with the victim relationship, and we should promote it. In my constituency of Stroud, a huge number of people want to support restorative justice, and there is a small campaign to promote it. I do not think that many of the campaigners know that it was introduced by Michael Howard, latterly of this House. It was persisted with by the previous Government and by this Government—and quite right, too.

Obviously, for a wide range of crimes, custodial sentences matter and are important; we have gone through all the figures in the past two or three hours. I do not think that many Members on either side of the House would dispute that crimes involving knives, and burglary, should attract custodial sentences. However, there are clear grounds for thinking about community sentences as well. I have taken the Secretary of State for Justice to my constituency and shown him an excellent scheme operated by REACH Gloucestershire, which is busy reconstructing a pathway along a very long canal. That is working, and people know it works. I have talked to people on the scheme; it is hard work, and they recognise that they do not want to do the same again. It is good for them to be given a job of work, and a form of punishment that makes them think carefully about how they operate in society.

Such community sentences are to be encouraged, but let me state clearly that there should be custodial sentences where appropriate. There should also be consistency; my hon. Friend the Member for Broxtowe (Anna Soubry) emphasised its importance. However, that has to be matched up with the role of the judge, and his responsibility for making judgments. I come back to the central point that we cannot be too prescriptive. We should not go down the populist route of saying, "Hang 'em and flog 'em"; we should instead take responsible decisions to make sure that our judiciary, sentencing process and prisons operate in a way that is consistent with our values as a democratic nation, with our objectives of making sure that we deal with crime and stop reoffending, and with our fundamental belief in the rule of law.

5.13 pm

Stephen Phillips (Sleaford and North Hykeham) (Con): It is a real honour and a great pleasure to follow my hon. Friend the Member for Stroud (Neil Carmichael), who gave a powerful speech.

I hesitated to rise to speak on a subject on which I know so little—a fact of which I am particularly conscious in the light of the extraordinarily powerful remarks made by my hon. Friend the Member for Broxtowe (Anna Soubry); she talked about my hon. and learned Friend the Solicitor-General, who will wind up for the Government, and his appointment as a criminal recorder even though he had no knowledge of criminal law. The right hon. Member for Blackburn (Mr Straw) thought that my hon. and learned Friend did so well that he subsequently gave me the same honour.

When my right hon. and learned Friend the Lord Chancellor opened the debate for the Government, he referred to the critical importance of the independence of the judiciary, and precisely what it has delivered, in proper sentencing, proper trials in the criminal courts, and public confidence in the criminal justice system.

I pay tribute to the hon. Member for Hammersmith (Mr Slaughter), who opened the debate for the Opposition. He, too, recognised the quality of this country's judiciary and what it has meant for the United Kingdom and our citizens in the delivery of proper justice. However, such judicial independence inevitably means that from time to time we in this House, as we are entitled to do, have to consider the sentences handed down, because our constituents rightly raise concerns about them, just as they raise many other concerns about the criminal justice system and other matters.

When the House discusses sentencing, certain tensions manifest themselves as a result of the doctrine of the separation of powers that is rightly in place in this, as in all democratic countries. There are the public expectations—or perceptions, at least—of the sentences that courts hand down, fuelled from time to time, as a number of Members have said, by journalists picking up on sentences that appear not to reflect the severity of the crimes of which a jury has found a defendant guilty. Those public expectations need to be recognised and met, and it is the function of this House and the Government in part to do that in setting the guidelines and framework within which the sentencing operation must take place.

However, in tension with that is the role of the judges. My right hon. and learned Friend the Lord Chancellor rightly recognised that it is a judge in a criminal court who hears the entirety of the evidence against a defendant when presiding over a trial, and such a judge is therefore best placed to determine the appropriate sentence to pass on someone convicted of a crime by a jury of his peers. My right hon. and learned Friend did say, however, that in all such cases the judge will oversee the entire case, but that is not always so. In many instances, a conviction is obtained by the Crown and the case is adjourned for sentencing; indeed, that is the usual practice. As a result, the sentencing judge often has to be re-educated about the precise circumstances in which the offence took place, in order that an appropriate sentence can be imposed. I encourage my right hon. and learned Friend—as I would encourage any Minister—to consider whether it is appropriate in most cases, if not all, to reserve sentencing to the judge who actually heard all the evidence. That would engender better respect for, and greater public confidence in, sentencing.

Anna Soubry: It is very rare that the judge who conducted the trial in a given case does then not make sure that they pass sentence, for precisely the reasons that my hon. and learned Friend has identified. However, my hon. and learned Friend makes the powerful point that, if at all possible, it would be much better if they retained sentence, even where pleas have been taken by judges, which is usually because they have read the papers the night before. Actually, it just makes things a lot simpler and easier all round, which must be to the benefit of justice and is much more cost-efficient.

Stephen Phillips: My hon. Friend makes an important point about cost-effectiveness. If a different judge has to sentence, the papers have to be read and more work is done in court, thereby taking up court time, while the case is explained by the advocates for the Crown before the plea in mitigation is taken. Then, there is generally a further adjournment—certainly when I sentence, and no doubt when my hon. Friend the Member for South Swindon (Mr Buckland) sentences—when the judge retires to consider precisely what he is going to do. All of that could be avoided.

In my experience as a recorder—a role I continue to carry out for a few weeks a year—sentencing lists often include trials where there has been a conviction, and the case is not always reserved to the judge who heard the evidence. In my view, it certainly should be, and I hope that my right hon. and learned Friend the Lord Chancellor and his Front-Bench colleagues will look at that issue.

The first tension for the House when it considers such matters, therefore, is that between public expectation or perception on the one hand and the necessity for judges who hear cases to deal with sentences and impose them appropriately on the other. There is another tension, however, between the discretion of the judiciary to impose the appropriate sentence and the expectations of the public that sentences will reflect the gravity of the crime. That, of course, is a tension that manifests itself most clearly in the discretion afforded to judges in passing the sentences they impose for which they are criticised, from time to time, both in this House and in the press.

Let me echo some of the comments of other Members about the wisdom of this House second-guessing the judiciary in sentencing exercises. If we are to stand behind the independence of the judiciary, as I know my right hon. and learned Friend and other Ministers do, and to insist that the judiciary are responsible for sentencing and not the court of public opinion—as we have seen from time to time—we must be robust and stand up and say here that which is right. That which is right is that there must always remain a certain element of discretion in the sentencing exercise, notwithstanding the frameworks that this House establishes, within which the exercise itself must take place, and the guidance laid down by the Sentencing Council.

The debate therefore takes place in the context of those tensions. Any Member who thought that the tensions were unreal and that the public did not have such perceptions or, indeed, criticise judges from time to time, will find when they return to their offices

[Stephen Phillips]

and read their e-mails an e-mail from our frequent correspondent—by which I mean that of all Members of the House—who goes by the name of UK Patriot. Many Members might delete his e-mails, but I read them. He has sent us all an e-mail today about the "Big Ben bomb gang" who are, he says, apparently out in six years. He says:

"The fact that this has happened is outrageous!"

He tells us that they appear to have been treated by the courts as though

"they were naughty boys owning up to scrumping apples."

He goes on in the same vein.

There is a common public perception that the judiciary are not imposing proper sentences. It is therefore important, in the terms of the motion today, that we consider both consistency and transparency and that the Government push that agenda as they carry forward their work on sentencing and consider reform of the criminal justice system.

I openly acknowledge that the advent of the Sentencing Council, formerly the Sentencing Guidelines Council, has ensured greater consistency in sentencing. Like the hon. Member for Hammersmith, I am pleased that the Government have not decided that, because of the current financial crisis—we will not touch today on who is responsible for that, although the hon. Gentleman knows my views—this body should be abolished.

Mr Buckland: I think that my hon. and learned Friend is grappling with the same issue as regards the Sentencing Council as many of us have in recent months. Does he think that there is a case for the Court of Appeal doing the job of the council with an additional resource function to carry out the research that I referred to in my speech?

Stephen Phillips: This is a rare area in which I might disagree with my hon. Friend. Before the Sentencing Guidelines Council was established, as my hon. Friend will know and as the House heard in the Front-Bench speeches, the Court of Appeal used to issue guidance in the form of judgments in particular cases on how judges should proceed in sentencing. That was worth while, and, as my right hon. and learned Friend the Secretary of State made clear in his speech, the Court of Appeal retains that role. We saw it, as an intervention revealed earlier in the debate, in the riots last year. The Court of Appeal, essentially, was able to establish that as a matter of English law the context in which otherwise minor offences had taken place required much stiffer sentences to be imposed than would otherwise have been required either by previous guidance from the Court of Appeal or by guidance from the Sentencing Guidelines Council.

I can agree with my hon. Friend the Member for South Swindon to the extent that it does seem important that the Court of Appeal should retain that overarching ability to exercise its right to indicate to lower court judges what would be an appropriate sentence in particular circumstances. What the Court of Appeal never had and still does not have the opportunity to do is consult more widely, whereas the Sentencing Guidelines Council did have that opportunity, as does the Sentencing Council, which consults much more widely than the Court of Appeal ever could in a criminal case. In any case in which the Court of Appeal was handing down guidelines, it would receive submissions only from the parties to the case—and perhaps from the Attorney-General; I know not—but it would not be able to consult extensively with the public as the Sentencing Council can and does. If we are to encourage public confidence in the sentencing regime, it is very important that the public are consulted.

The only respect in which I might criticise the Sentencing Council—perhaps I am going slightly off the topic here—is in relation to its consultations on mandatory or discretionary guidelines on sentencing, which are not well publicised or well known. The representations it receives usually come from the Criminal Bar Association, other specialist associations and those who are particularly interested in the criminal justice system.

The Solicitor-General: Is there not another point to bear in mind? The Court of Appeal's criminal division can look only at past cases and must have cases brought to its attention either singly or in groups in order to introduce thematic judgments on particular areas of criminal activity. The Sentencing Council, however, can proactively look at burglary, sexual assault and other areas of crime and give forward, rather than retrospective, guidance.

Stephen Phillips: My hon. and learned Friend makes an excellent point, as usual, which I had not thought of. No doubt that is why he is the Solicitor-General and I am two Benches behind him. He is absolutely right and I entirely agree with him.

I differ from my hon. Friend the Member for South Swindon only inasmuch as although I think the Court of Appeal should indeed retain the overarching ability to indicate to lower court judges the framework within which sentencing must take place, I also consider the existence of the Sentencing Council to be important for the reasons I have indicated. The council's guidelines ensure a large measure of consistency between sentences that are handed down for similar, if not identical, crimes across the entirety of England and Wales. For that reason, although I understand that there is a cost implication with the maintenance of that body and that it can be described, as it always is, as a quango—indeed, some would say it is a quango we should dispense with—it is a body that should continue to exist if we are to encourage confidence in the sentencing regime in England and Wales.

I hesitate, particularly given the time, to say very much about the hon. Member for Hammersmith's spirited defence from the Front Bench of the sentencing regime and the way in which sentencing was treated by the previous Government, but it is right to point out that a large number of criminal justice Acts were passed under the previous Administration. If he were to go, as I recommend he should—perhaps he already has—and talk to those who had to use that legislation and were bound by it in their sentencing exercises, he would find a universal, or near-universal, level of criticism, particularly regarding the Criminal Justice Act 2003. Many of the measures that the previous Government introduced, such as custody plus, which was the example given by my hon. Friend the Member for South Swindon, were never brought into being or had to be changed in subsequent Acts. The difficulty with the previous Government's

approach was that it sought to micro-manage the judiciary and to remove large elements of discretion so that the sentences that were passed did not necessarily reflect the offences of which the accused had been convicted or for which a guilty plea had been entered. Sentencing became, to a large extent, a tick-box exercise, which as the hon. Gentleman acknowledged, at least by implication, and as other Members acknowledged, is a most unsatisfactory way of proceeding. I listened to the spirited defence from the Opposition Front Bench, although I sought not to intervene, but I have to tell the hon. Gentleman that the approach the Government are taking in their reforms is the right one and I commend it to the House, as indeed I commend the motion.

5.30 pm

Mr Slaughter: With leave of the House, I shall make a few comments about the debate. It was a good, intelligent debate—even enjoyable. That may say something about what lawyers find enjoyable, but it cannot often be said about five hours on a Thursday afternoon.

We began with contributions from not one, but two Select Committee Chairs. One may simply hear the bits one wants to hear in speeches and filter out the rest, but in the words of the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), who sadly has had to leave for another engagement, I heard echoes of what I thought I was saying in my opening speech about the importance of evidence-based and explicable sentencing decisions. As he said, sentencers should see the effects of their sentences—what does and does not work. He also mentioned the importance of early intervention and the work of the youth offending teams.

The right hon. Gentleman's words were reflected in the speech of my right hon. Friend the Member for Leicester East (Keith Vaz), who chairs the Home Affairs Committee. His was a reasoned voice for early intervention and for rehabilitation.

Then we moved on to the hon. Member for Shipley (Philip Davies). I worry that I may find myself agreeing with him too often. I am not sure that I should lock up all the people he would lock up; in that case, as the hon. Member for Blackpool North and Cleveleys (Paul Maynard) said, quite a few people on the Opposition Benches and even one or two on the Government side might find themselves locked up at some stage. However, when the hon. Member for Shipley talks about the release of violent offenders who are still a danger to the public, about taking away the discretionary powers of magistrates and judges to remand or about the now abandoned policy of 50% discounts for guilty pleas, I think the Opposition are with him.

Philip Davies: As getting the hon. Gentleman to agree with me is already a red-letter day for me, I shall push my luck. In the last Parliament, his Government introduced a system whereby people who were tagged could have that time knocked off their prison sentence, in the same way as remand in prison would be. Will he repent of that measure and agree that the time people are on a tag should not count towards time knocked off a prison sentence?

Mr Slaughter: For this afternoon, it would be above my pay grade to start making policy on the hoof. I shall come back to the hon. Gentleman on that point. I am always keen to keep him happy, as is the Lord Chancellor.

We heard a measured contribution from the hon. Member for Dartford (Gareth Johnson). He talked about local discretion and variation, but also about consistency. I am not sure whether in the end he came to a different view from that expressed by other Members—that the Sentencing Council regime is to balance clear guidelines for consistency with judicial discretion.

I am always glad to hear from the hon. Member for Broxtowe (Anna Soubry) because she brings much experience to bear. I am always grateful when I hear her defending legal aid lawyers and legal aid, and I hope we may see her vote accordingly when the Legal Aid, Sentencing and Punishment of Offenders Bill comes back from the Lords, hopefully in a substantially amended form. She gave a vote of confidence in the judiciary—all credit to her—and talked about the great advances in dealing with domestic violence offences. Perhaps she will also join the Opposition in condemning changes to domestic violence courts where they are being closed as a result of the court closure programme. I hope they will be replaced and the regime expanded. I note that she said that IPP sentences were a good idea in theory. If so, surely we should work towards making them more effective in practice, rather than throwing the baby out with the bath water.

I entirely agree with what the hon. Member for Gillingham and Rainham (Rehman Chishti) said about the judiciary, which as a practitioner he has much experience of, and about the Supreme Court—I am sorry that he is no longer in the Chamber. I agreed with him less when he was scoring points about the previous Government's regime. It is convenient on these occasions for Government Members to forget the 43% fall in crime that occurred under the previous Government, and it is convenient for him to criticise us for the early release schemes but not address the IPP sentences or the 15% discounts when he says that he agrees fully with the Government.

I heard from the hon. Member for Gainsborough (Mr Leigh) the voice of the victim, not the voice on behalf of the victim. His points were well made, particularly the fact that the victims of burglary and many other crimes are predominantly on low incomes and come from poorer parts of society. That is why the Opposition will do everything we can to see that punishment is appropriate and reoffending is prevented, and detection and sentencing are absolutely vital for that.

The hon. Member for Blackpool North and Cleveleys, who is now in his place, made a clear case, and one that should be heard in this House, for the reduction in prison numbers. I praise him for that, even if I did not always agree with him. I agreed absolutely when he talked about the need for effective community punishments and the previous Government's record on reducing youth custody by 30%. He raised the subject of young adults and 18 to 24-year-olds in prison, which I know the Prison Reform Trust is currently looking at. It is a neglected area. However it is to be dealt with, whether it is through NOMS—the National Offender Management Service—or whether it is through the Youth Justice Board, it is an area to which we urgently need to turn our attention. I agree with him about cuts in magistrate training, but it is also about the sentences and orders that magistrates can commit to. The magistrates in my constituency, both those on the lay benches and the district judges, know their powers very well, but sometimes

[Mr Slaughter]

they find that they are simply not available to them, as is the case with drug treatment orders, which is a source of great frustration to them.

All I can say about the hon. Member for Penrith and The Border (Rory Stewart) is that I enjoyed his speech very much—I will leave it at that. He talked about the constitution and fettering discretion, but he should also look at the increase in mandatory sentencing and the restrictions on the rights of sentencers in bail matters, because we regard those as worrying trends.

I enjoyed the speech made by the hon. Member for Witham (Priti Patel), which was on behalf of victims and reminded us that the protection of the public is crucial to the criminal justice system. I also enjoyed the speech made by the hon. Member for South Swindon (Mr Buckland), particularly when he talked about restorative justice, on which I think there is much cross-party consensus, with the caveat that it is not a soft option but must be properly resourced. His comments, and those of the hon. and learned Member for Sleaford and North Hykeham (Stephen Phillips), offered the insider's view on the Sentencing Council. It was interesting to note the points of difference, but they gave a fairly strong endorsement of many of the things that that body does, such as the research and work on consistency.

I thought that the hon. Member for Stroud (Neil Carmichael) gave a liberal—he almost used the word himself—speech, and there is no shame in that sometimes. *[Interruption.]* Well, we will see. He spoke as a non-lawyer with sympathy for lawyers and for courts, even saving a court himself, which is a rare thing to hear from those who are not lawyers, so I pay tribute to him for that.

We heard a warning at the end of the debate from the hon. and learned Member for Sleaford and North Hykeham that interference in the sentencing process, which we sometimes hear from the tabloid press, is not a good idea. Against that, the influence on sentencing policy and trends that the general public, and even the press, bring from time to time, is welcome.

Just as with criminal justice more generally, all sides of the House need to state clearly that we should have no reservations about putting people in custody when that is necessary for public protection. Equally, however, we should look at alternatives that will provide punishment but might also provide better options for rehabilitation. When looking at sentencing policy, we should combine those two essential aims.

This debate is about transparency and consistency. I believe that the Sentencing Council is delivering that, together with the common sense and expertise of citizens and juries, and of the judiciary, who have been praised on all sides of the House today. If we have that balance—we have gone a long way towards achieving it—it will be an area in which there can be consensus, and we can feel assured that at least in that area of the criminal justice system, we are achieving a system that the public want. The public can then feel confident that we will deliver solutions to crime that are just, fair and, when they need to be, punitive.

5.40 pm

The Solicitor-General (Mr Edward Garnier): I think that I am the 16th contributor to the debate, and it is not surprising—indeed, it is welcome—that although the debate is entitled "Transparency and consistency of sentencing", and we are required by the motion to have

"considered the work of the Sentencing Council and the transparency and consistency of sentencing",

contributions from right hon. and hon. Members have dealt with a number of wider issues within the criminal justice system. I congratulate the two Deputy Speakers who have chaired our debate on permitting such a liberal approach to the terms of the motion, which has allowed a number of informed and informative contributions.

I confess I thought that at some stages in the debate, the hon. Member for Hammersmith (Mr Slaughter) who, at least this afternoon, speaks for the Opposition on such matters, had been sentenced to a period of solitary confinement. For considerable periods he was the only Labour Member who thought it appropriate to remain in the Chamber. He, poor fellow, had no liberty and no discretion about whether to sentence himself to time in the Tea Room or somewhere else. It was a pleasure to see him sitting there silently for much of this afternoon. He has assisted us greatly with two contributions. Many people will no doubt find assistance from reading, with great care, what he had to say, in tomorrow's *Hansard*. His praise for our judiciary and the criminal justice system was of considerable value, and the sentiment was shared across the House. I think he said that there was no room for complacency. If he did say that, he was right to do so.

From listening to the speeches of Government Back Benchers, I think it is fair to say that while there is universal acceptance of the high quality of our judiciary, from the highest court in the land, the Supreme Court, to the lay magistracy, there is no room for complacency and plenty of room for public comment. There is plenty of room for Members of Parliament—indeed, there is a duty on them, when it is appropriate—to make stinging comment, often in offensive terms. It is the right and duty of a Member of Parliament to speak up for his constituents or for a particular group of citizens who have strong views. It is right that my hon. Friends the Members for Gainsborough (Mr Leigh) and for Shipley (Philip Davies) come to this place not to agree with everything that goes on, but to disagree and explain why they disagree. The Government and the Opposition can make judgments about their contributions and reach a rational conclusion about whether to agree or disagree with them. I am grateful to both of them, and indeed to all Members who have taken part in the debate.

As I said, it is not surprising that our debate has been spread widely. We have considered the work of the Sentencing Council and whether it is a constitutional abomination that is interfering with the freedom of Englishmen. I say to my hon. Friend the Member for Penrith and The Border (Rory Stewart) that in some senses I hope it is interfering with the freedom of Englishmen who commit crimes and deserve to be sentenced to terms of imprisonment or, if their offences are not so hideous, to non-custodial disposals.

I know that my hon. Friend is a man who thinks a great deal about a great many things, and it is clear that he has thought a great deal about the difficult constitutional issues that are revealed in any discussion of the separate roles of Parliament, judges, juries and the Sentencing Council. None the less, I disagree with his conclusion if it genuinely is that the Sentencing Council is an affront to the liberty of Englishmen.

During the passage of the legislation that the last Government introduced setting up first the Sentencing Guidelines Council and then the Sentencing Council, I expressed the view that there was a danger that those bodies would interfere with the discretion of the judiciary. I said that both as a Member of Parliament and as someone who has sentenced people—until I came into government in 2010, I used to sit as a Crown court recorder, like my hon. Friend the Member for South Swindon (Mr Buckland) and my hon. and learned Friend the Member for Sleaford and North Hykeham (Stephen Phillips). I think if my hon. Friend the Member for Penrith and The Border were to sit either as a spectator in the public gallery or alongside the judge—or even, dare I say it, if he were to imagine what it must be like to sit in the dock and hear a judge promulgate a sentence—I do not think he would be in any doubt whatever that our judiciary is not fettered in the way that I feared it might be, and the way he perhaps implied it was, by the guidance of the Sentencing Council.

Time and time again as Solicitor-General, I have appeared in the Court of Appeal criminal division referring what I consider to be unduly lenient sentences to the Court for review. I remind the House that I do that not as a member of the Government but as an independent Law Officer protecting the public interest. When I do so, I am constantly reassured that the Court of Appeal reminds the judiciary and the public who are in court that the sentencing guidelines are simply that—guidelines. When it is just to depart from them, the judiciary must do so. When it is just to show mercy, it is right and proper that the court should do that.

In cases such as the riots, to which my right hon. and learned Friend the Secretary of State referred, it is right that sentencing judges in London, Birmingham, Liverpool or Manchester can go beyond the range of sentences recommended in the guidelines for affray, robbery, burglary of shops, arson or whatever it may be. The Court of Appeal and the Lord Chief Justice have said that given the context in which the crimes were committed, it was entirely proper that the sentencing judge should go beyond the sentence that might normally be expected for, let us say, the theft of three bottles of water, a cardigan or a pair of trainers from a shop.

It seems to me that we need to bear in mind the context in which the Sentencing Council does its work. Yes, the situation has changed from what happened 20, 30 or 40 years ago, when we relied only on the Court of Appeal to set out guidelines. However, now that we have the council I am, if not an enthusiastic convert, a convert who is prepared to say that its work, and previously that of the Sentencing Guidelines Council, has demonstrated its worth.

I should like to echo those who thanked Lord Justice Leveson—I am thinking particularly of the right hon. Member for Berwick-upon-Tweed (Sir Alan Beith), the Chairman of the Justice Committee. Lord Leveson's work on sentencing is in addition to his ongoing inquiry into the press and his work as an ordinary member of the Court of Appeal. He has to fit in sitting days in the Court of Appeal and deal with the work of the Sentencing Council in addition to his work on the Leveson inquiry, so I hope it will not be suggested that that judge, let alone any other judge at that level, shirks in his public responsibilities. He is working extremely hard and producing good work.

However, the fact that the council produces those guidelines does not mean that we must agree with them. Members of Parliament can disagree with them, as can members of the public who read about sentences in their local or national newspapers. We can form our own views, but as my right hon. and learned Friend the Lord Chancellor said at the outset, Members of Parliament must be a little careful when we express such views, because the public expect us to have opinions based on fact, not simply on conjecture or rumour, or on a bad report of a case that we read in the newspaper. When Members of Parliament disagree with a sentence that a Crown Court judge has arrived at, we are under rather more of a duty than the young reporter or the ordinary member of the public to do our best to find out the facts.

One good way of finding out the facts is to ask the House of Commons Library to do the research for us. Another good way of increasing our knowledge of what the Crown Courts and other sentencing courts do is to go and sit in them, which I did in opposition. I urge my right hon. and hon. Friends and the few Labour Members in the Chamber to go to their local Crown court to see what happens. Friday is a very good day to do so because it is often the day when the sentencing lists are dealt with.

I take what my hon. and learned Friend the Member for Sleaford and North Hykeham said about cases sometimes being dealt with by one judge at one instance and then being referred to another judge, but by and large, I like to think that happens only when they are dealing with cases in which there is a guilty plea followed by a sentence. The sentencing judge on a guilty plea is in just as good a position as the judge that received the plea. The important thing to bear in mind—this is a piece of advice that the Court of Appeal constantly gives, and my right hon. and learned Friend and I constantly give it to the Crown Prosecution Service, which we superintend—is that the factual basis on which the plea is made is established. Sentencers cannot sentence in a vacuum. It is essential that the facts of the case as admitted or as found by the jury are clear, so that the sentencer knows precisely on what basis he is sentencing.

Mr Buckland: Will the Solicitor-General reassure the House that the basis of pleas are reduced into writing—that they are court documents? Transparency is an important part of that process, as has been emphasised by all courts, including the Court of Appeal, for some years now.

The Solicitor-General: I am sure my hon. Friend is right about that—he will know that from his experience both as an advocate and as a sentencer. It is utterly frustrating to have to analyse sentencing remarks that are based if not on conjecture, then on a total lack of knowledge of the facts. Advocates—those who appear for the Crown and the defendant—have a duty to ensure that the court is given the facts.

Advocates also have a duty to ensure that the court is advised about the relevant sentencing law and powers. One of the problems, or unintended consequences, of the raft—I was going to say the flood—of legislation passed by the Labour Government was that those Acts had something to do with amending the criminal justice system. The previous Government were not so silly as to call every one of those 64 Acts of Parliament a criminal justice Act, but I can assure the hon. Member

[The Solicitor-General]

for Hammersmith that 64 pieces of legislation passed between 1997 and 2010 affected the way the criminal justice system worked. It is completely—I will not use an unparliamentary expression—confusing to have to sit there and try to work out which piece of legislation deals with which type of offence and whether that legislation is in force, not yet in force or out of force.

Let me take the example of the Criminal Justice Act 2003, which is almost as thick as this great tome—the wonderful "Vacher's Parliamentary Companion"—in my hand. Before this Government came into office, I asked a parliamentary question of the previous Government, and it was quite clear that they had simply mismanaged the conduct of that piece of legislation. About a third of it was repealed before it even came into force. Another third was not in force by the time the previous Government left office. Individual bits of the remaining third were brought into effect, and we are now having to repeal them—I am talking, for example, about the IPP legislation. Other bits were also brought into force by the previous Government, but they then realised they needed to repeal them.

What we require from the House, therefore, is an understanding that legislation needs to be thought about. We need, of course, to consult—this is what the Sentencing Council does—the people who have to apply it and the people it will affect. We need to work out what we will get if we pass what I call early-day motion legislation—expensive appeals; judges telling my right hon. and learned Friend the Lord Chancellor that statutory construction is hell; and a huge lack of public confidence and satisfaction in the justice system.

Stephen Phillips: My hon. and learned Friend may remember—I wonder whether he agrees with this—that, in March 2006, Lord Justice Rose, speaking of the 2003 Act, which most of the judiciary consider to be the worst criminal justice Act of all time, said:

> "Time and again during the last 14 months, this Court has striven to give sensible practical effect to provisions of the Criminal Justice Act 2003, a considerable number of which are, at best, obscure and, at worst, impenetrable."

Does my hon. and learned Friend agree that it was not the high point of Labour's justice policy?

The Solicitor-General: My hon. and learned Friend is too kind. I will also say this: Lord Justice Rose is a very great man.

Rehman Chishti: On that point, does my hon. and learned Friend agree that the 3,000 new offences brought in by the Labour Government had little effect in reducing crime? It was simply a case of legislation being made for the sake of making legislation, rather than making a real difference to people's quality of life.

The Solicitor-General: I do agree. We made the same points during the passage of the 2003 Bill, as it then was, and subsequently.

Mr Slaughter *rose—*

The Solicitor-General: The hon. Gentleman has been very lucky—he has been allowed two goes. I have two more minutes, so he will just have to sit there and wait.

In the final minutes remaining to me, I want to thank the hon. Member for Hammersmith for his contributions, which were utterly valuable. My right hon. Friend the Member for Berwick-upon-Tweed contributed thoughtfully and with all the experience he has gained as the Chairman of the Select Committee. The right hon. Member for Leicester East (Keith Vaz) has now gone. I am afraid that I had to cut him short because I thought his remarks were straying into an area we should not stray into until the case he wanted to talk about is completed. I mentioned the remarks of my hon. Friends the Members for Shipley and for Gainsborough. I am sorry I do not have time to deal in detail with the points they made, but I commend them on the forceful way in which they put them across. It is important that Members of Parliament do not just sit there like lemons, but get up and speak for their constituents.

Furthermore, if Members have particular experience —my hon. Friend the Member for Gainsborough and I have both been victims of several burglaries, as has my hon. Friend the Member for Broxtowe (Anna Soubry)—we should use that personal experience. However, we should also use our professional experience, and a number of lawyers have brought to the House their experience as lawyers and as Members of Parliament. Their work as Members of Parliament is all the better for it. I am thinking of my hon. Friends the Members for Dartford (Gareth Johnson), for Gillingham and Rainham (Rehman Chishti) and for South Swindon, and my hon. and learned Friend the Member for Sleaford and North Hykeham. I apologise for not commenting in detail on the contribution from my hon. Friend the Member for Stroud (Neil Carmichael). I also wanted to comment on the speech by my hon. Friend the Member for Blackpool North and Cleveleys (Paul Maynard)—

6 pm

Motion lapsed (Standing Order No. 9(3)).

Carers and Online Banking

Motion made, and Question proposed, That this House do now adjourn.—*(Mr Vara.)*

6 pm

Stuart Andrew (Pudsey) (Con): These days, we seem to talk a lot about banks and banking, and for many in the House it is nice that there is a profession slightly less popular than ours. Since notice was given of this debate, I have had right hon. and hon. Members ask me what it was about, and when I explained it, many of them gave examples of similar problems raised with them by their constituents. I am glad, therefore, to have been able to secure this debate.

All Members on both sides of the House value, and know the value of, carers in this country. There are almost 6 million carers in the United Kingdom—a staggering one in 10 people—and according to Carers UK over the next 30 years their number will increase by 3.4 million. That is about a 60% increase. Some 1.25 million carers care for more than 50 hours a week. Indeed, carers are estimated to save the Government between £67 billion and £87 billion a year, and a 2011 report by the university of Leeds for Carers UK estimated that the economic value of the contribution made by carers in the UK is £119 billion per year. Bearing in mind our current deficit, those are staggering figures.

Before being elected, I worked in the hospice movement, and time and again I would see carers' hard work and dedication. I remember one father saying that if he got up for his child eight times in a night, he would think that he had had a good night's sleep. As MPs, we know the value of carers and the challenges that they face, whether from those who visit us in our surgeries or from the visits that we make to organisations representing them.

Being a carer is about long hours and hard work, and because they are often caring for loved ones, it is sometimes deeply emotional. They are an army of people whose dedication and compassion we should cherish. It is in that vein and spirit that I asked for this debate. In a decent country such as the UK we should do all that we can to help improve the lives of carers and make things as easy as possible for them. I am delighted, therefore, that the Government have committed an extra £400 million to supporting respite support for carers, and I looked forward to that money reaching the people who need it.

A few months ago, two constituents of mine, Mr and Mrs Dransfield, came to one of my surgeries. It was their story and the fact that their experience is not isolated that persuaded me to raise this issue today. Annie Dransfield is the full-time carer of her 32-year-old son, who suffers from cerebral palsy and mental health issues. Like carers up and down the country, she helps and supports her son to manage day-to-day activities that I, for one, am fortunate enough to be able to do unassisted. For her son it is different. Annie has to help around the house, sort papers out and deal with other household issues. She also has to take management of his finances. In February 2009, she applied to be her son's deputy through the Court of Protection. This was duly approved, and as a consequence she was given access to her son's bank account at the local Halifax branch. The arrangement helps her son to be financially independent, as the money that he is given is paid into his account and she merely ensures that it is managed correctly.

As we all lead increasingly busy lives, so our daily activities have had to change. As a consequence, many of the services offered by various institutions have maximised the use of new technology to help us. Online banking is a good example of that; indeed, it is something that I have come to rely on. So it was that Mrs Dransfield decided to use online banking for her son's account. She has explained why it is so important:

> "As a carer, the ability to access my son's accounts online is invaluable. It means I don't have to make the journey to his bank to give him his money each day and it also gives me peace of mind. If he loses his money, or does not realise how much he has spent and has nothing to get home with or buy food with, he can call me and in less than two minutes I can transfer some extra cash into his account so that he can get home safely or get something to eat".

To give him some independence and responsibility, Mrs Dransfield's son has a cash card account that she keeps topped up from his current account. That helps him with his daily routine, giving him the motivation to get up, go out and walk to get some cash.

That arrangement worked extremely well, until one day Mrs Dransfield tried to access her son's account and found that she was blocked from doing so. The cash machine also retained his card when they tried to use it. Naturally, she contacted the bank, only to be told that it was illegal to have two online usernames, despite Mrs Dransfield's having the authority to manage her son's account. This started a long and time-consuming battle with her bank to have her access reinstated. The bank refused to back down. As a result, the case was referred to the Financial Ombudsman Service, which concluded that Annie was correct. In November, the FOS ordered the bank in its adjudication to reinstate her online access. The ombudsman found that the bank has obligations under the Equality Act 2010 to make "reasonable adjustments" and that the fair outcome would be for the bank to restore her online banking in full. In addition, the ombudsman said that the bank should pay £300 for "unnecessary distress" and that the only thing preventing access was the bank's policy and systems. I am sure that we would all agree that that was a sensible verdict.

Staggeringly, the bank ignored the Financial Ombudsman Service's verdict. Feeling desperate, Annie found that her only option was to turn to the media. Thankfully, *The Mail on Sunday* took up the story. It was only then that the bank took action and permitted her access to the account again. However, what is shocking is that, as I understand it, that resolution is not being rolled out to other carers: the actions that the bank took to authorise a second log-in will not be replicated for other customers who desperately need the service.

Of course, I am highlighting what has gone wrong—I am aware there are great examples of things that banks do—but this issue is clearly causing a problem to many carers around the country. I therefore wonder whether the Government might be able to raise the issue with the banks, to ensure that they act responsibly and provide an accessible service to all customers. They should remember that those customers are accessing their own money, and it is their legal right to do so. The practice of not allowing such access is bordering on discrimination,

[Stuart Andrew]

in not recognising the Equality Act 2010, in accordance with the FOS ruling. Carers spend hundreds of pounds going through the legal process of gaining power of attorney, or similar authority. Therefore, it seems illogical that the same legal document permitting access to a person's bank account does not allow access to the service online.

The case that I have raised is not just an isolated incident. Even though Annie has resolved the issue with her bank, she has been told that it was a special allowance for her. She has therefore not stopped campaigning for the facility to be rolled out to other carers in similar situations. I have spent the afternoon with her and her husband. They are a great couple and have fire in their belly when it comes to their campaign—that is a warning shot to the banks, but perhaps also to my hon. Friend the Minister. Annie is also a member of the Carers UK Leeds branch and a governor of the mental health trust, so to say that she knows what she is talking about would be an understatement. As such, she has heard of hundreds of similar cases around the country. Changes to the current practice would have a huge impact on carers and the people they care for. It would be wonderful if a bank took the lead in creating a better system for carers and customers, but I welcome the opportunity to raise this issue in the House today, in the hope that the Government can assist. Carers should not have to spend their valuable spare time, when they are not looking after the people they care for, going through a complex bureaucratic complaints procedure.

In conclusion, banks should make better provision for carers and take into consideration the needs of their customers. They should therefore ensure that arrangements are in place to assist customers with mental health issues, and that staff with specialist knowledge of these requirements are available to assist when necessary. There seem to be a lot of good words coming from the banks, but carers up and down the country are still facing many serious problems. I believe, unless the Minister can tell me otherwise, that what we need is a stronger code of practice to assist carers. It would also be most helpful if he would be willing to meet a delegation to discuss this matter. After all, time is precious for all of us these days, but it is particularly so for carers.

6.11 pm

The Exchequer Secretary to the Treasury (Mr David Gauke): I should like to begin by thanking my hon. Friend the Member for Pudsey (Stuart Andrew) for securing a debate on this issue and for setting out so clearly the circumstances that carers face and the problems that might exist with the banking system. I am also grateful to him for setting out the difficulties that Mr and Mrs Dransfield have faced and telling us of their determination to address them. I sympathise with the difficult circumstances that can be faced by many carers, who make an increasingly important and valuable contribution to our society by supporting those who may be less able, for various reasons, to live an independent life.

The Government are committed to improving access to financial services, and in particular to bank accounts. It has been amply demonstrated that having a bank account is an essential aspect of modern life for any individual. My hon. Friend set out those circumstances clearly in the context of his constituents. It is clear that many individuals might need the assistance of a carer to help them manage their money, including people with a disability as well as the elderly.

I hope that it will be helpful if I briefly set out the regulations that apply in this area. Banks' and building societies' treatment of their customers is governed by the Financial Services Authority in its banking conduct of business sourcebook. The sourcebook includes a general requirement for firms to provide a prompt, efficient and fair service to all their customers. That includes older people, the disabled, and those who lack capacity to manage their account on their own. In addition, like all service providers, banks and building societies are bound, under the Equalities Act 2010—which my hon. Friend mentioned—to make reasonable adjustments for disabled people in the way they deliver their services. This may include allowing for a carer or deputy to act for the disabled person.

It is of course right that banks and building societies have put in place measures to protect their customers and themselves from fraud. They clearly need to satisfy themselves of their customers' identity, both for commercial reasons and to meet their obligations under the Money Laundering Regulations 2007. Before a bank or building society can let someone manage the account of another person, it must have proof of the name and address of the account holder and of the person who will have legal responsibility for managing the account. It must also see evidence of that person's authority to control the account holder's money. When a carer has been given formal authority to manage another person's finances through a power of attorney or court order, or by acting as a deputy, this can be proven through official documentation. However, when a person does not lack capacity to take decisions about their affairs but requires assistance to access their account, the situation can be more difficult. I accept that the case described by my hon. Friend falls into the former category.

It is worth noting that most banks offer their customers a range of channels through which to access their bank accounts, including by telephone or in a branch. It might well be that these channels are better suited to allowing access to a bank account via a deputy carer or other representative. I also note that the British Bankers Association has provided on its website information on banking for those with less capacity.

I nevertheless agree with my hon. Friend that older people, the disabled and their carers should be able to benefit from the convenience of an online service. With online banking, it is even more important that security measures are in place to prevent unauthorised persons from accessing consumers' accounts. There is no opportunity for a member of the bank staff to verify the identity of a carer or representative acting on behalf of a customer. Customers have a duty to protect the security details they are given in order to minimise the risk of financial crime. This may preclude sharing their log-in details with their carer.

My hon. Friend set out the unique difficulty faced by those who need the assistance of a carer to access their bank account. As with the application of identity checks more generally, there is a balance to be struck between maximising security for customers and facilitating access

for customers who need the help of a carer. The services offered by banks and building societies are evolving all the time, and I would urge the industry to ensure that account is taken of this issue in the development of online services.

I would like to thank my hon. Friend the Member for Pudsey once again for bringing this issue to the attention of the House and the Government. I have taken note of his comments about the campaign on this issue. I am sure this is not the last we will hear of this matter either from my hon. Friend or, indeed, from others. I, for one—and the Government as a whole—would be interested to hear from individuals facing some of these difficulties and from banks and building societies about how, in the course of improving their services, they are approaching the issue of permitting access for those who require the assistance of a carer. Treasury officials will pick up in their discussions with current account providers the very points that my hon. Friend has made this evening.

I am sure that our hon. Friend the Financial Secretary, who leads on these matters but is unavailable today, would be delighted to meet my hon. Friend, Mr and Mrs Dransfield and others as the matter develops to look at proposals to address this concern. I assure my hon. Friend and the House that we will continue to monitor this issue in the context of improving access to banking more generally and in the context of the Government's actions to support carers.

I am grateful to my hon. Friend for raising this important issue. He has set out clearly and very well the concerns of his constituents. I assure him that his words have been heard clearly by the Treasury, and I am sure that they will have been heard clearly by banks and building societies as well.

Question put and agreed to.

6.19 pm

House adjourned.

Westminster Hall

Tuesday 24 January 2012

[LINDA RIORDAN *in the Chair*]

Health Inequalities (North-East)

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr Vara.)*

9.30 am

Chi Onwurah (Newcastle upon Tyne Central) (Lab): As a Member of Parliament, my priority must be the health and well-being of my constituents, and many MPs feel the same. Regional health inequalities are of profound concern and strike at the heart of our sense of fairness and equality: people are suffering unnecessarily in this country just because of the region in which they are born, and that undermines not only the idea that we are all in this together, but our very sense of national unity. At a time when the Scottish Government are seeking independence, does it help the case of those who believe in the Union, as I do, that a Brit born in Glasgow is likely to die 14 years earlier than one born in Chelsea?

As we shall see, health inequality is a complex subject, but the key question for the Minister is, do the Government recognise regional health inequalities in their health funding? I look forward to the Minister's reply.

I was born in Wallsend and grew up in Newcastle. In Newcastle, we are more likely to die early from cancer, heart disease and stroke. We tend to die younger, are more obese as children and are more likely to die from the cold as pensioners. We suffer more from the diseases of our industrial legacy, such as asbestosis. Last year in Newcastle, there were 89 early deaths from heart disease and stroke—19 more than the national average. Disability-free life expectancy for women in Newcastle is 3.3 years shorter than the English average. For men, it is 4.9 years shorter. Not only do we live shorter lives, but more of those shorter lives are spent with a disability.

Such inequalities are not unique to Newcastle. Thanks to the public health observatories set up by the previous Labour Government, we have a comprehensive view of the inequalities in health across the country. Every year, 37,000 people in the north die earlier than their counterparts in the south. That is enough people to fill a modern football stadium. A report published in the *British Medical Journal* last year said that the excess toll of ill health and disability in the north is

"decimating"

the region

"at the rate of one major city every decade".

In Newcastle, one in 25 adults claim incapacity benefits for mental illness. That is four times the rate in the Secretary of State for Education's constituency. Across the river in Gateshead, we have one of the highest levels of obesity in the country, and on the Wear, the 2010 chlamydia rate for 16 to 24-year-olds was almost three times the rate in Surrey.

Of course, there are inequalities within regions and within cities. The Institute for Ageing and Health at Newcastle university has produced an interesting map of the Tyne and Wear metro, which shows how life expectancy reduces by more than a decade as we ride from Ponteland north to Byker.

Although I see mainly north-east MPs here today, this is an issue for the whole country, for the Exchequer and for the Prime Minister, but given that the Prime Minister press-released yesterday's visit to Leeds as a visit to the north-east, it is clear that his grasp of geography still leaves something to be desired.

Every year, health inequalities cost £31 billion to £33 billion in lost productivity, up to £32 billion in lost taxes and higher welfare payments and £5.5 billion in additional health care costs, so this is a problem for us all. It is important to emphasise that the poorer health in the north-east is not a function of the level of health care. The Newcastle Hospitals NHS Foundation Trust is in the top 10% of best-performing trusts in the UK. We have the Campus for Ageing and Vitality, the Centre for Life, the Great North Children's Hospital, the Northern Institute for Cancer Research and the Northern Vascular Centre and Freeman Hospital's Cardiothoracic Centre. They are world-class institutions.

Evidence going back six centuries tells us that the root causes of health inequalities are economic. The *BMJ* report that I mentioned earlier says:

"Social and economic factors are extremely reliable predictors of health"

If more resources are put into an area, its health improves, but if they are taken out, its health declines. The north-east has the lowest income per head in England, and in Newcastle, a quarter of the city's neighbourhoods are in the 10% most deprived in the country. So the poorest are hit by a double whammy. Not only does poverty impact on their quality of life, but it reduces their life expectancy and makes them susceptible to a host of diseases.

It is also ironic that in the north-east we live with the health consequences of industries that were long ago allowed or even encouraged to die. Just last month, Cabinet papers showed how Margaret Thatcher's Cabinet discussed the managed decline of the north. We are still dealing with that. Last year's figures from the Health and Safety Executive show that rates of death from mesothelioma in the north-east are by far the highest in the country, and although we address the symptoms, we can do nothing for the causes. But in other areas we can and are tackling the causes.

The north-east has the highest number of mothers smoking during pregnancy—22%—so Fresh, a local charity, is working with local primary care trusts to make smoking history for children. Higher than average alcoholism in the north-east has resulted in excessive numbers of hospital stays for alcohol-related harm, so a campaign to reduce alcohol dependency is supported by local press, such as the Newcastle *Journal* and the *Evening Chronicle*. But I am worried that essential work to improve health in the north-east is threatened by measures that the Government are taking.

Under Labour, health funding doubled in real terms, waiting times reduced and death from heart disease and stroke went down by a massive 40%. The previous Government also worked hard to tackle poverty and its associated evils—poor housing, high fuel costs and low wages—but the inequalities remained. So although the health of people on low incomes improved significantly,

[Chi Onwurah]

the health of those on high incomes went up by the same amount or more. In some areas, health inequalities decreased. For example, the infant mortality health inequality for manual workers fell by almost a third to 12%. To understand why that is so, we must go back further than the previous Labour Government.

The Thatcher Government refused to acknowledge the relationship between poverty and ill health. The Department of Health was prohibited from using the phrase "health inequalities". It had to talk about variations in health, and they were always couched in terms of its being people's fault because they led such an unhealthy lifestyle.

Labour's experience with infant mortality shows that targeted interventions can work. Infant mortality is really interesting, because it is a sensitive measure of immediate health, which is susceptible to direct interventions, such as the ones the Labour Government introduced, including improving the health of expectant mothers through the pregnancy health grant and of babies through Sure Start.

As the Labour-commissioned Marmot review demonstrated, to reduce health inequalities we cannot just focus on lifestyle factors; we need to address their social and economic root causes.

Guy Opperman (Hexham) (Con): I have listened carefully to the hon. Lady's arguments, and I congratulate her on this debate. It is good to see so many hon. Members from the north-east in the Chamber. She talks about inequalities, and referred to Surrey's excellent mortality rates and alcohol abuse recovery rates compared with the north-east and Scotland—people in Glasgow have the lowest life expectancy rates in the country. Does she support the proposal for an alcohol Act that would statutorily restrict alcohol availability?

Chi Onwurah: I thank the hon. Gentleman for his intervention. As I said, the causes of health inequalities are complex. Alcohol dependency certainly varies significantly throughout the country. We need, and we are seeing, targeted campaigns to address that. I hope that the Government will introduce concrete measures to address alcohol dependency, such as legislation and a minimum price if that is appropriate.

Labour prioritised addressing health inequalities. We could not overcome the legacy of inequality in 13 years, but we made real progress, as the figures for infant mortality show. However, that is set to change. There are three main ways in which the Government are undermining work to reduce health inequalities.

First, the Government have changed the funding formula, and reduced the component designed to address health inequalities. I have been in Parliament for 19 months, and I have raised this matter directly with Ministers four times, not counting written questions. I am hoping it will be fourth time lucky for receiving a direct answer. Will the Minister confirm that in 2010 the Secretary of State decided, against the advice of the Advisory Committee on Resource Allocation, to reduce the health inequalities component of the primary care trust target funding allocation from 15% to 10%? Two weeks ago, during an exchange on the Floor of the House, the Secretary of State cited a 2.8% rise in funding when I asked him about changes to the funding formula. Will the Minister address the change to the formula, rather than the overall increases that the Government claim?

During a speech on the Floor of the House in December 2010, I asked the Secretary of State to confirm that more will be invested in health services for every man, woman and child in Newcastle for every year of the comprehensive spending review as the Government claim that they are increasing NHS spending. He declined to do so, so will the Minister step into the breach?

Clearly, if funding is changed to reduce the amount associated with health inequalities, the north-east will lose out. The Minister will say that the Government have ring-fenced public health spending and handed it over to local authorities. She may refer to the public health outcomes framework, which was published yesterday, just in time for today's debate, and is very interesting reading. It includes 66 measures, which will be monitored, but they cannot distract from the assault on public health that the Government's wide-ranging cuts represent for local authorities. For example, cuts to fuel poverty reduction programmes such as Warm Front will leave pensioners in Newcastle colder and more vulnerable to illness. Cuts to area-based grants such as the Supporting People programme mean there will be less investment in support services for those with mental health issues.

The second way in which the Government are undermining work to address health inequalities is the top-down, unnecessary and destructive health care reforms. It is estimated that they will cost £3 billion, and we now know that in the north-east the NHS has been asked to put aside £143 million for those organisational changes. The Government claim that efficiencies will make up for that, but the service is already being asked to meet the 1.5% efficiency cuts challenge at a time of wholesale reorganisation. As the Select Committee on Health said today, it is incredibly difficult, if not impossible, to make such efficiency savings when everything is changing.

In the north-east, our strategic health authority and primary care trusts are being abolished. Funding will be in the hands of GP consortia. Newcastle already has a pathfinder consortium in place. Newcastle Bridges GP commissioning consortia covers most of the city, and has shown that it is keen to work with other stakeholders across the city to promote public health, but it is having to make it up as it goes along in the face of huge uncertainty and change in the public sector and in the third sector, with unprecedented local authority cuts, watched over by an eager private sector that is keen to take advantage of the profit-making opportunities that the Prime Minister and the Health Secretary have promised.

A recent letter to the *Health Service Journal*, signed by more than 40 directors of public health and more than 100 public health academics, argued that the Bill will increase health inequalities, not reduce them. If the Government will not pay attention to what the Opposition say, perhaps they will pay attention to what the profession says. Michael Marmot told the Health Committee that there is little evidence that the health premium will reduce inequalities. Indeed, he said that it is most likely to increase them. Seven former presidents of the Faculty of Public Health have said that the Bill will "exacerbate inequalities".

Jim Shannon (Strangford) (DUP): I congratulate the hon. Lady on bringing this matter to the Chamber. I am a Member not for the north-east, but for Northern

Ireland, where health is a devolved matter, but she is expressing concerns felt by many people throughout the United Kingdom, even where such matters are devolved. There are two reasons for that. The problems for her constituents, to which she referred, are as real in my area as they are in other areas of the United Kingdom. The Government's reduction in the block grant for Northern Ireland means that our health will also be affected. The changes in health care here will be the marker for future changes for us. Does she believe that the service that the NHS is offering is not the standard that we in the United Kingdom expect and are accustomed to, and is not of the standard that is needed to address core health issues?

Chi Onwurah: I thank the hon. Gentleman for his intervention. I believe strongly that the national health service is one of the best, most efficient and most effective health services in the world. The evidence shows that, as I will explain. It is absolutely right to say that the concerns I am expressing on behalf of my constituents and the north-east are felt throughout the country, and with good reason. The proposed measures will have an impact on the health of all constituencies in the country. The profession believes that the changes will have a negative impact on health inequalities. The Health Committee's recent report on public health warned that the Bill poses a "significant risk" of widening health inequalities, yet the Government are pressing ahead.

The third way in which the Health Secretary will widen regional health inequalities is through the wholesale marketisation of the national health service. Before the Minister pretends otherwise, let me quote her colleague, the Minister of State, Department of Health, the right hon. Member for Chelmsford (Mr Burns), who admitted last year that the Bill will turn the NHS into a "genuine market".

We should recognise that despite having serious health inequalities, we suffer relatively little from inequalities of access. I am no expert on health services, but I am told by those who are that the stent insertion that Prince Philip recently underwent at Papworth hospital did not differ materially from the treatment that any of my constituents would have received at the Freeman hospital if they had suffered a similar condition. That is fantastic, but it is not the case in the United States of America where there are terrible health access issues due to its private health care system. In the short term, the Government's reforms are diverting funds away from patient care, which will have an impact on waiting times. Those who can afford it will tend to seek private health care, but those on low incomes will be unable to do that. In the longer term, the Bill is about the privatisation of the NHS. Strong independent evidence indicates that the NHS is one of the most efficient and equitable health systems in the world. Why would we want to make it into a market? The Bill misses an important opportunity to focus on the real issues and the wider determinants of health in this country.

I shall therefore finish by asking the Minister these questions. The Government have signed the recent World Health Organisation declaration to deal with the social determinants of health inequalities, so what concrete actions will Ministers take? The previous Government accepted the Marmot review's recommendations in full. When will the current Government do the same? What are the coalition's proposals for introducing a national minimum unit price for alcohol? Will the Government confirm a commitment to undertake a consultation on plain and standardised packaging for tobacco products, and on what date that will take place?

Does the Minister share my concern about the Royal College of Midwives and Netmums survey showing that women from lower incomes were denied antenatal classes and the choice of a home birth? Will that not entrench health inequalities from before birth? The Minister looks somewhat surprised at that question, but differences in health access do exist in our country.

As Blane said, no law of nature decrees that the children of poor families should die at twice the rate of children born into rich families. In the north-east, there are more poor families. Will the Government commit to reversing their changes to the funding formula component designed to deal with health inequalities?

The national health service's first Minister of Health, Nye Bevan, famously said that when a bedpan falls to the floor in Tredegar, it should echo in the Palace of Westminster. The Minister of State, Department of Health, the right hon. Member for Chelmsford, quoted that with some amusement and disdain and proclaimed that those days were long gone, so what does this Minister think should echo in Westminster? Does she accept responsibility for reducing health inequalities? Can she assure me that health inequalities between the north-east and the rest of the country will reduce over the term of the present Government?

Several hon. Members *rose—*

Mrs Linda Riordan (in the Chair): Order. At least six Back Benchers wish to speak. I mean to call the first Front-Bench speaker at 10.40 am. That leaves about 45 minutes, so I ask hon. Members to bear that in mind.

9.52 am

Ian Swales (Redcar) (LD): It is a pleasure to speak under your chairmanship, Mrs Riordan. I congratulate the hon. Member for Newcastle upon Tyne Central (Chi Onwurah) on securing the debate. I agree with her that the issue of health inequalities is of great importance to all MPs and particularly those of us who represent constituencies in the north-east. Having been born in Leeds, I was delighted to emigrate to the north-east in my early 20s.

First, I would like to refer to the July 2010 National Audit Office report, which was specifically about "Tackling inequalities in life expectancy in areas with the worst health and deprivation", and to the subsequent hearing of the Public Accounts Committee and the report that it produced in November 2010. That report was in effect a catalogue of action by the previous Government and bears detailed reading. It said that the Department of Health had been

"exceptionally slow to tackle health inequalities...we find it unacceptable that it took it until 2006—nine years after it announced the importance of tackling health"—

Grahame M. Morris (Easington) (Lab): Will the hon. Gentleman accept that tackling health inequalities effectively requires a broad range of actions, including tackling

[Grahame M. Morris]

things such as educational under-achievement, the need for warm homes, and child poverty, which go across a broad range of Departments, not just the Department of Health?

Ian Swales: I absolutely agree with that and will go on to say more about it. The Department of Health has an important role in being the umbrella Department for monitoring action in this area, however. The report went on to say that the Department recognised its failings, admitting that it had been

"slow to put in place the key mechanisms to deliver the target it had used for other national priorities"

and

"slow to mobilise the NHS to take effective action."

However, I agree with the hon. Gentleman that there is much more to this than simply the NHS.

There certainly has not been a shortage of reports on this subject. The Department of Health issued 15 major publications on the issue, starting in 1998 and rising to a crescendo in 2010. In fact, 2007 was the only year in which the previous Government did not issue a publication.

Debbie Abrahams (Oldham East and Saddleworth) (Lab): I wonder whether the hon. Gentleman could catalogue the action that was taken after the publication in 1980 of the Black report, which first demonstrated a causal link between ill health and poverty. In addition, "The Health Divide" was published towards the end of the '80s. As I recall, because I was working in this field, there was absolutely nothing.

Ian Swales: I bow to the hon. Lady's knowledge in this area. She certainly has a great deal more than I do. I do not know the answer to her question.

In 2003, the Government identified 12 cross-Government headline indicators and 82 cross-Government commitments, but sadly overall it was effective action that was the problem. In 2005, the Government identified 70 spearhead local authority areas for special attention, and credit to them for that. One third of those areas were in the north-east. However, only in London did those spearhead areas see a narrowing of health inequalities.

I know that this issue is complex, but some things are basic. The NAO report showed that more deprived areas had fewer GPs. Some had significantly fewer. They were also paid less. I was shown barely believable figures showing that Redcar and Cleveland had only half the average GP resource of the most deprived 20%. Clearly, that is not a good position to be in.

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): How does the hon. Gentleman think that forcing through NHS reforms that are vehemently opposed by both the British Medical Association and the Royal College of General Practitioners will encourage GPs to go and work in deprived areas that have a shortage of GPs?

Ian Swales: I believe that the wider issue of NHS reforms is outside the scope of this debate, but certainly I see a growth in the number of GPs already.

Chi Onwurah *rose—*

Ian Swales: I am not giving way again on that subject.

As the hon. Member for Easington (Grahame M. Morris) said and as we all know, many factors are involved in health inequalities: smoking, alcohol, obesity, housing, income and others. Sadly, the area that I represent has the worst rate or one of the worst rates of obesity in the country, and one third of my constituency is in the poorest 10% of most deprived wards, so I am well aware of how these things operate in the local area.

In the public health area, we should, as the hon. Member for Newcastle upon Tyne Central said, celebrate a great success and learn from it. The Fresh organisation has had a great impact in terms of smoking reduction. The rate in the north-east went from 29% in 2005 to 22% in 2009. I also find this hard to believe, but apparently males in the north-east have the lowest rate of smoking in the country. It was probably the highest at one time, but apparently it is now the lowest. That shows that effective public health action and education can have a big impact. Models such as that, in which innovative third sector organisations focus on change, can assist with this important job, which is a lot about behavioural change.

As well as successes such as the one that I have described, I welcome the increased spending in the NHS by the previous Government. That has increased health outcomes for all, regardless of the fact that it failed to narrow health inequalities. My area has seen the setting up of excellent facilities such as the James Cook university hospital. As has been mentioned, there is also the data gathering, which is so important in learning how to deal with these problems.

There is still a lot to do. In my constituency, there is a 16-year gap between the life expectancies in the richest and poorest wards. I therefore welcome local health commissioning, which will lead to a more joined-up approach to local issues. An excellent pathfinder GP group is already up and running in Redcar; in fact, it was running as a social enterprise for five years before the recent reforms were introduced.

I welcome the public health agenda and the fact that the budget will go to local authorities. I also welcome the setting up of health and wellbeing boards, although we will have to watch how the money is spent to ensure that the maximum amount gets to the front line. Similarly, I welcome the proposed establishment of Public Health England, which will have the specific aim of reducing health inequalities.

Even more study is needed into, for example, the psychological aspects of why people choose lifestyle options they know to be harmful. Recent research clearly shows that many social problems, including the one we are discussing, stem from income inequality, not from absolute levels of income, and some interesting data are emerging. Sadly, income inequality also widened under the previous Government.

The new Government have made a start, but there is much more to do, and I look forward to the Minister's comments.

10.1 am

Mr Alan Campbell (Tynemouth) (Lab): It is a pleasure to serve under your chairmanship, Mrs Riordan. I promise not to mention Leeds, which is nearer to your constituency than it is to the north-east.

I congratulate my hon. Friend the Member for Newcastle upon Tyne Central (Chi Onwurah) on securing this important debate. She set out very well the challenges facing our constituents in addressing health inequalities, which still exist in the north-east, despite the progress made over the 13 years of the Labour Government. I have to say I found the hon. Member for Redcar (Ian Swales) somewhat confusing and confused about the nature of those inequalities—I suppose confusion is one result of trying to face both ways.

I want to make three broad points, and I will be interested in the Minister's response to them. The first is about health spending in the north-east. The Government's view is that NHS spending will continue to grow overall in the next few years, and figures from the House of Commons Library certainly confirm that planned spending is set to grow in cash terms. For 2010-11, the cash figure is £102 billion; by 2014-15—at the end of the spending round—it is set to be £114.4 billion. If we look at the issue in real terms, however, and we take 2010-11 as a base figure, the broad trend is essentially flat.

I do not, however, want to argue that point. Instead, I want to ask how that spending affects the north-east and institutions in my constituency. The Government will no doubt tell us that there is a 3% increase for PCTs this year. They will say that is evidence of their commitment to growing budgets; in fact, that is, effectively, what the Secretary of State said on this morning's "Today" programme. However, the tariff that funds hospital treatment has been reduced. Next year, the budget of Northumbria Healthcare NHS Foundation Trust, which serves my constituency and those of a number of Members here, will be reduced by 1.9%. Hospitals have a key role to play in not only treating patients, but addressing health inequalities, and I want to place on record the excellent work done at my local hospital—North Tyneside general hospital—particularly in treating diabetes and stroke, where we have made huge advances in the past few years, although we are still running to catch up.

My first question to the Minister, therefore, is this: if PCT budgets are rising, why are hospital budgets, which are already under pressure, being cut? Where is the money going? Is it to pay for reorganisation? Will the Minister confirm the fear that PCTs are required to put the extra money into contingency funds to pay not only for reorganisation, but for other things that might arise? Will she confirm that if those things do not arise, that money will be clawed back by the Department of Health and ultimately, one fears, by the Treasury? That helps to explain the difference between the planned expenditure that the Government announced and the actual expenditure in the past 12 months.

The second issue I want to turn to is alcohol-related harm. The north-east has a reputation for heavy drinking, which in some ways reflects our heavy industrial past. The region does significantly worse than the English average on alcohol-related hospital admissions. In February 2009, Balance, the north-east alcohol office, was launched, based on the excellent work of Fresh, which works for a smoke-free north-east. For the first time, we had a strategy that covered the whole region on this issue. One of Balance's concerns—I remain to be convinced on this issue—relates to the introduction of a minimum unit price for alcohol. There was no consensus in the previous Government on the issue. The Home Office, of which I was proud to be a member, was sceptical about minimum unit pricing, because it was most concerned about addressing alcohol-related crime and disorder. However, the Department of Health, which was more concerned about individuals' health, was more positive.

Just before Christmas, the Prime Minister entered the debate in *The Daily Telegraph*, saying that he was in favour of minimum unit pricing and will overrule any Department or Minister who stands in his way. As my hon. Friend the Member for Newcastle upon Tyne Central asked, will the Minister confirm that the Government will introduce proposals for minimum unit pricing and, if so, when? Will she confirm that the Department of Health supports the policy? Is she personally committed to it? Is the Secretary of State a supporter of it?

Thirdly, I want to acknowledge the points that have been made about health inequalities being addressed only if we go beyond NHS professionals and make sure that individuals make the right choices about issues such as smoking, how much alcohol they consume and whether they eat healthily. The Government have a role to play—if they had not played a role, we would not have made the progress that has been made in recent years.

In my constituency, there is a clear link between health inequality and deprivation. Life expectancy in the borough of North Tyneside is 76.8 years for a man and 81 years for a woman, which is about 18 months lower than the English average. However, in parts of my constituency, such as Chirton ward, Valley ward, Collingwood ward, central Whitley Bay and central North Shields, life expectancy can be about 11.5 years less for a man and over nine years less for a woman than it is in the least deprived areas of our country.

As we have been told, the Marmot review recommended that the focus should be on the social causes of health inequality, and it highlighted the need for an effective integrated approach. In my constituency, however, health inequality is worst among those groups and those areas that are most likely to be hit by cuts elsewhere. My hon. Friend the Member for Strangford (Jim Shannon) mentioned Northern Ireland. I recall, as he will, that the Prime Minister—then the Leader of the Opposition—was interviewed by Jeremy Paxman days before the general election. They talked about the scale of public spending cuts, and the Prime Minister was asked to name the regions that would be hit worst. The first one off the tip of his tongue was the north-east and the second was Northern Ireland, so my hon. Friend and I, as well as my other hon. Friends, are here to raise these issues because our regions face the most cuts overall.

Let me give an example of what that means. North Tyneside council has to make £48 million of cuts over the next four years. Next year and in subsequent years, it proposes to charge bowling clubs more to use bowling greens. It also proposes to close more bowling greens in my constituency than in any other part of the borough. The outcome will be that fewer people will be involved in the sport. Many of them will be pensioners, and my constituency has one of the highest numbers of pensioners of any in the country. The proposal could have an adverse impact on their physical and mental health.

I am concerned about getting a joined-up, integrated approach—which just is not happening. The region has a better than average record of reducing child poverty and premature winter deaths, but what effect will the

[Mr Alan Campbell]

proposed benefit changes have, and what about increasing energy prices, which the Government appear powerless to do anything about? What about the impact of cutting Warm Front? That will affect not just the bills of people who are trying to keep warm, but their health.

Do the Minister and the Government believe that central Government still have a role to play in reducing health inequality? Will the Minister confirm that she is raising the issue of health inequality across Government, wherever Departments want to take action? I tell her this: in our region alarm bells are ringing about the effects on health and a range of other matters. Or has her Department, as the report of the Select Committee on Health suggests today, put its focus and energy on a costly NHS reform Bill, which no one asked for and for which there is decreasing support?

10.11 am

Guy Opperman (Hexham) (Con): My grandmother was an NHS matron, and I worked with health care professionals for nearly 20 years in my former profession as a barrister. I also spent far too much time as a patient, attempting to become an expert on all health matters. I probably hold the House record at the moment for the most time spent in hospital in the past year. I certainly spent a lot of time in hospital in my other former profession of jockey. I think that I have broken 19 different bones at various times. I was actually quite a good jockey, but I did not always stay on board in a 20-year career. If people ride over fences at 35 mph, they occasionally hit the deck.

I congratulate the hon. Member for Newcastle upon Tyne Central (Chi Onwurah) on obtaining the debate and welcome the chance to speak on behalf of the citizens of Northumberland whom I represent. I should make a declaration that, before I first came to the House, I worked as a barrister in health care matters. I also worked for the Free Representation Unit, providing assistance as a lawyer in health care cases. I am proud that two successive Labour Governments gave me awards under the national pro bono scheme for lawyers. I do not expect that to happen again in a hurry, but it is still a great source of pride about the work that we did on behalf of patients.

As I was ill last spring and summer, I could not speak in the health debates about the children's heart unit, but I am most pleased to support the Freeman hospital in its campaign to keep its amazing unit open. The hospital is outstanding. It is not in my constituency, but everyone in the north-east recognises that it is a flagship. We all very much support the work that it has done and continues to do. I was proud to see that my constituents Graham and Andrea Wylie, who have raised a phenomenal amount of money and supported the hospital very well, were able to bring their daughter Kiera home last week.

The debate is about inequality in health care, and all hon. Members present would acknowledge that disparities exist within the region. I accept that in Northumberland the quality of the health care and the results and optimum findings will be better than in some of the more urban parts of the region. There are also disparities by comparison with other parts of the UK. The point that I was trying to make in intervening on the hon. Lady was that clearly, when compared with Surrey or other places down south, there is a genuine difference. We all recognise that. The statistics are overwhelming. The point can also be made that in Scotland, in parts of Glasgow that I have been to, where life expectancy is barely 59 or 60 for some people, the situation is considerably worse.

I spoke in the debate on alcohol pricing before Christmas and expressed my support for an alcohol Act similar to the one that exists in Scotland. It seems to me that that is supported—to this extent I disagree somewhat with the hon. Lady—by a vast number of health care professionals and clinicians. I hope that the Minister will support that today. I welcome the fact that the Prime Minister seems to have swung behind the idea of an alcohol Act. We should all applaud the work done by Balance and Smoke Free North East. When I was a barrister, I used to see the effects of crime and the links to alcohol. Hon. Members who go out on the beat with the police in any of our constituencies will be aware that the rate of alcohol-related admissions is the highest in the country; 46% of all violent crime is alcohol-related; and about 50% of domestic abuse is alcohol-related. I strongly support the campaign of my hon. Friend the Member for Totnes (Dr Wollaston) to change the law.

To touch briefly on hospitals, I am lucky enough to have Hexham hospital in my constituency. I accept it was built by the former Prime Minister, Mr Tony Blair—[Hon. Members: "Personally!"] Not personally; he was not there with the bricks and mortar, but he certainly signed off on the upgrade to the original hospital. It is an outstanding hospital, with a tremendous cancer support group, which I went to listen and talk to in the summer. The quality of care and its integration into the health care trust's programme is outstanding. However, I am pleased that finally, after successive Governments—I am going back in history 20, 30 or possibly even 40 years—the small hospital in the west of Northumberland called Haltwhistle is being rebuilt. It is impossible to go there without being asked when the hospital will be rebuilt, and I think that successive MPs have had to deal with that repeatedly.

I want to talk about inequality in relation to provision throughout the region. I represent the far west of Northumberland and the people of Bellingham, Kielder and the far west are very conscious of the fact that there is no hospital or ambulance provision all that close to them. There are outstanding paramedics and other people and a system that works very well, but there are rural inequalities, and I wholeheartedly support the campaigning by the Friends of Bellingham Surgery and by those who are trying to introduce a more integrated system to take care of the inequalities suffered by those who are far away from hospital. It is not easy to explain why the hospital at Hexham, which was built as a particular type of hospital, is unable to deal with certain things on an ongoing basis, including significant accident and emergency. It is necessary to drive past that hospital to Wansbeck, the Royal Victoria infirmary or other hospitals.

I am living proof that people should not necessarily go to the nearest hospital, but should go where the specialists are. I wholeheartedly support—I hope that the House does, too—specialist hospitals where people go for the best possible treatment. When I was taken ill

on 26 April and collapsed in Central Lobby, I was taken initially to St Thomas', which is a very good hospital; there is no dispute about that. I was subsequently taken to the National Hospital for Neurology and Neurosurgery, a specialist hospital for the treatment of meningiomas and brain tumours. I have broken umpteen bones, and I would want to go to the hospital that is best able to deal with the problem and that does so regularly.

I will finish on two matters on which I want to give support. First, I strongly urge local authorities to work together with the health care trusts during the coming changes, because across the region there are examples of local authorities' failure to do that. I urge them to integrate the provision of services, particularly care, on a continuing basis. Finally, in the north-east, we are proud to be the champions of certain screening programmes. I raised the matter of bowel cancer screening in an Adjournment debate on 23 November. Two hospitals in the north-east, in South of Tyne and Wear and Tees, piloted bowel cancer screening by Flexi-Scope. It is likely that the pathfinders for the future will be there, too. I applaud and recommend to anyone the quality of continuing health care screening that successive Governments have introduced.

10.20 am

Mr Iain Wright (Hartlepool) (Lab): It is a pleasure to serve under your chairmanship, Mrs Riordan. I apologise for turning up late to this debate. I was chairing another meeting, which I was obviously doing badly because we overran our time.

I congratulate my hon. Friend the Member for Newcastle upon Tyne Central (Chi Onwurah) on securing this debate, which is on one of the most important issues facing the north-east. The health inequalities in my own constituency are certainly unacceptable. For many years, the health of the people in Hartlepool has generally been worse than the national average. Although progress has been made, health levels remain too low and are not improving fast enough for many of my constituents.

Life expectancy in Hartlepool is lower than in the rest of the country. A boy born in Hartlepool today would expect to live until he was 75.9 years old, which is two years shorter than the national average. A girl born in Hartlepool would expect to live until she was 81 years old, which is longer than her counterparts in Middlesbrough, Gateshead, South Tyneside or Sunderland. None the less, her life expectancy is still more than a year shorter than the national average for girls and women.

Those figures have improved dramatically over the past 15 years, which reflects increased health funding, more investment in primary care, a greater emphasis on prevention and rising living standards. However, there are several worrying elements within the data. First, generally rising life expectancy rates mask huge inequalities within Hartlepool that simply should not be tolerated in a civilised society. A constituent of mine living in Stranton, Dyke House or Owton Manor would expect to die up to 11 years earlier than a similar constituent living in the area close to Ward Jackson park.

Secondly, the mortality rate for women of all ages has fallen across all parts of the country, with the exception of those in my constituency. Data show the contrasting fortunes of different local areas. In the decade after 1998, the mortality rate for women in Kensington and Chelsea fell by more than 40%, but it barely moved in Hartlepool. I suggest to the Minister, who has some experience of Hartlepool, that women in my constituency consider the health of their children and family over and above their own. What can she do to address that cultural issue, so that the caring nature of Hartlepool's womenfolk is retained, but not at the expense of their health?

Thirdly, much behaviour in Hartlepool leads to poor health outcomes. For example, estimated healthy eating, smoking rates and obesity are significantly worse than the England average. Although deaths from heart disease and strokes in Hartlepool have fallen, they remain well above the national average, while death rates from cancer remain some of the worst in the country. Hip fractures for people in Hartlepool aged 65 and above are off the scale by comparison with other areas in England. Why? It is mostly because of our place in history and the manner in which we have been affected by de-industrialisation.

Given our legacy as a place of heavy manufacturing, we have a disproportionate amount of people suffering from industrial diseases and injuries. I particularly want to highlight the number of chest-related diseases. The number of people suffering from asbestos-related diseases such as pleural plaques and mesothelioma is heartbreaking. The present Government's delay in setting up any response to deal with those cases is prolonging the suffering for many constituents and their families. I urge the Minister to speak to her counterparts at the Department for Work and Pensions and the Ministry of Justice to ensure that the employers' liability insurance bureau is established as quickly as possible.

Ian Swales *rose—*

Mr Wright: If the hon. Gentleman will forgive me, I will not take interventions because a lot of my hon. Friends want to contribute to this debate.

I mentioned the de-industrialisation of the past 30 years. The loss of the shipyards, the docks and many of the steelworks and our engineering firms has hit Hartlepool's prosperity hard. As my hon. Friend said, there is a very clear correlation between income, employment and health. Given the bad and deteriorating economic situation in my constituency and the wider north-east, the Minister needs to be mindful of the implications on health of the Government's economic policy.

As unemployment in the north-east and in Hartlepool is high and rising, and there is a direct link between being unemployed and being unwell, the significant health inequalities that my constituents experience will only get worse. Only this week, the Centre for Cities highlighted a growing divide between northern cities and their southern counterparts in prosperity, innovation and resilience to an economic downturn in 2012 and beyond. That is bound to have a worsening effect on health inequalities, whether physical health or mental well-being.

The Minister will recognise the direct link between economic policy and health inequalities. How will she combat the health fall-out from the failures of the Chancellor's economic policy and the neglect of the north-east? The problem will be made worse by the

[Mr Iain Wright]

Chancellor's announcement in the autumn statement to regionalise public sector pay. That will have enormous repercussions on the NHS in the north-east. Although highly professional, the NHS in the region is already struggling to recruit and retain appropriate staff tasked with addressing health inequalities in our region. Health services are already under strain not merely because of budgetary pressures, but because of difficulties in recruitment.

My hon. Friend the Member for Tynemouth (Mr Campbell) mentioned difficulties in attracting and recruiting GPs. My area has one of the lowest GP per capita rates anywhere in the country, and that does not help to reduce health inequalities. Does the Minister not think that that problem and therefore health inequalities will get worse under the Chancellor's proposals for regionalised pay, and how will she counteract it with regards to recruitment and retention in the NHS?

Let me refer to the ongoing saga of the University hospital of Hartlepool. The Minister will be aware of the closure of accident and emergency last year, which no one in Hartlepool wanted. It has been announced recently that some services will migrate back, which is very welcome, but the whole health economy in my area and, by implication, the health inequalities in the region remain uncertain because of the lack of a clear decision about the new hospital and its funding arrangements.

Will the Minister today provide some clarity about what will happen with regards to the future provision of a hospital in Hartlepool? I do not want to take away the welcome news of a new hospital for the constituents in Hexham, but what about my constituents in Hartlepool? Will she reconsider the proposals put forward by Lord Darzi five or six years ago? In short, can we have clarity with regard to the ongoing provision of a hospital in Hartlepool?

We in the north-east and in Hartlepool have suffered for far too long with disease, ill health and early death, much of which is linked to deprivation and poverty. Government policy threatens to make that worse, so I hope that the Minister can provide us with some reassurances this morning.

10.27 am

Grahame M. Morris (Easington) (Lab): It is a pleasure to serve under your chairmanship for the first time, Mrs Riordan. I congratulate my hon. Friend the Member for Newcastle upon Tyne Central (Chi Onwurah) on securing this debate. The number of Opposition Members who are present today is a testament to the issue's importance. I wish we had a little longer to speak, because I will have to truncate my remarks.

I served on the Committee that considered the Health and Social Care Bill, and I am a member of the Health Committee. As someone who has worked in the health service for more than a dozen years, I can say that the subject is very close to my heart. I am grateful to a number of organisations for their work, including the Association of North-East Councils, the National Education Association, the Campaign for Warm Homes, Durham county council, the North East Public Health Observatory and Health Works, which won a national award last week for its innovative and pioneering work in tackling health inequalities at the very heart of my constituency, and I thank that organisation for the information that it provided to Members for this debate.

The NHS reforms contained in the Health and Social Care Bill are only one aspect—a very important aspect—of how Government policies will increase health inequalities. We must make it clear that there is no consensus on this matter. There is clear blue water between the views of the Opposition, who think that resources should be applied to the areas of greatest need to address real and fundamental problems, and the attitude of Government Members. Across every Department, coalition policies will exacerbate socio-economic inequalities and, ultimately, health inequalities, as indicated by Professor Sir Michael Marmot in his report. I wanted to mention some figures in my region, but I do not have enough time.

Chronic obstructive pulmonary disease, or COPD, is particularly prevalent in the north-east. It is often associated with heavy industry, coal mining and the like. Last year, my own primary care trust received a national award for its innovative approach to tackling this public health issue within our community. COPD costs the NHS an estimated £491 million every year.

Mortality rates in the north-east are higher than in the rest of England, accounting for 6% of all deaths in England, and the inequality gap appears to be increasing, which is a real concern.

I want to focus on two significant issues in the limited time that I have: first, inequalities in access to health service, which is a key factor that influences health outcomes; and secondly, the broader problem of health inequalities produced by deep-seated differences of social class.

As we have heard, in 1979 the Government's chief scientific adviser, Sir Douglas Black, produced a report on the extent of health inequalities in the UK, and he acknowledged that the NHS could do much more to address those inequalities, alongside other improvements across the Government. As I mentioned earlier, those improvements include ones to child benefit, maternity allowances and pre-school education, as well as an expansion in child care and better housing. All those changes would address health inequalities.

Those findings by Sir Douglas Black were subsequently reinforced by further research and reports by Professor Peter Townsend and Sir Derek Wanless and more recently by Professor Sir Michael Marmot, all of whom I have had the pleasure to meet in one forum or another before and after I was elected to serve in the House.

There is a stark danger—a clear and present danger—of a downturn in the progress that has been made in addressing health inequalities because of decisions being made by the Government, both in the Department of Health and elsewhere, and severe cuts to services for the most vulnerable. That makes it all the more important that the NHS focuses on tackling health inequalities. Let us make no mistake: under Labour, good progress was made to address health inequalities, but a great deal more needs to be done.

I have served on the Health and Social Care Bill Committee for a year now, as well as on the Select Committee on Health, and I would argue that that Bill changes the fundamental aspects of our NHS. The NHS has been fragmented, with privately led commissioning, the reintroduction of a postcode lottery,

an unco-ordinated health system and greater competition. That fragmentation risks entrenching the inequality of access to health services and health outcomes. Fragmentation is the antithesis of a co-ordinated approach. We need more co-ordination, more integration and a more focused approach.

Stephen Thornton, chief executive of the Health Foundation, talked about health inequalities when he was one of the expert witnesses who gave evidence to the Health and Social Care Bill Committee. He said:

"a duty needs to be placed on the national commissioning board and the consortia"—

the commissioning groups—

"to embed shared decision making in all care and treatment".—[*Official Report, Health and Social Care Public Bill Committee*, 8 February 2011; c. 19.]

Only by reinforcing the duty on the commissioners themselves to reduce health inequalities is there any chance of achieving that goal.

The cuts that are falling across every Department are clearly hitting the poorest hardest. The Association of North East Councils has shown that the north-east will be worst affected by those cuts between now and 2013. Child poverty is rising in my constituency. Currently, one child in three in my constituency is living in poverty, but in the Eden Hill ward in Peterlee 48% of children are in poverty, and in Deneside in Seaham, which is next to where I live, the figure is 40%. Those figures should concern not only the local MP but the national Government.

Recently, the TUC produced figures after the unemployment figures were released that show that, on average, 7.5 jobseekers are chasing every vacancy, but in the constituency of my hon. Friend the Member for Hartlepool (Mr Wright) the figure is as high as 24 jobseekers chasing every vacancy. Youth unemployment is rocketing, and the coalition Government seem to have no intention of reducing health inequalities.

Ian Lavery (Wansbeck) (Lab): I will make a very brief intervention. My hon. Friend has just mentioned statistics about child poverty, unemployment and jobseeker's allowance applications, and earlier in the debate other colleagues talked about the inequalities in the north-east regarding the situation within the NHS. Those statistics and that situation are wholly unacceptable. The Prime Minister said before the election that he would attack the north-east first and then Northern Ireland second. That is happening. With the Welfare Reform Bill, there will be a continued attack on the north-east. Does my hon. Friend agree that that does not bode well for the future of the people in the north-east and that things can only get worse?

Grahame M. Morris: I am grateful to my hon. Friend for that intervention, and I agree with him. I was shocked to attend a meeting in my constituency last Friday about the contingency plans that are being put in place for emergency feeding centres after 2013. Those centres are the soup kitchens that we have not seen since the 1930s or the miners' strike in 1984.

My final point is that the Labour Government produced the first ever targets to reduce health inequalities in the population, and the poorest were healthier when we left Government than they had been when we took office in 1997. My plea to the Minister is this: raise the standards and be a champion for public health and not an apologist.

Mrs Linda Riordan (in the Chair): Order. I remind Members that I will call the Front-Bench spokespersons from 10.40 am onwards.

10.35 am

Pat Glass (North West Durham) (Lab): It is a genuine pleasure to serve under your chairmanship, Mrs Riordan.

I congratulate my hon. Friend the Member for Newcastle upon Tyne Central (Chi Onwurah) on securing this debate. Also, I want to welcome to Westminster Hall the two Tanzanian women MPs who are shadowing me today. Whether they like it or not, they are finding out a great deal about health inequalities in the north-east of England.

I will be very quick; I am becoming good at truncating my speeches now. We have heard some excellent speeches that have been based on well researched statistics. I do not intend to use any statistics today. I will be unashamedly emotional and, like the hon. Member for Hexham (Guy Opperman), I will start by talking about my own family, because I want to talk about the practicalities of health inequalities.

I attended a memorial service in the village of Esh Winning last summer, which was to remember the men—they were men—who had died in the three pits of the Deerness valley. There was a huge list of men who had died; there were 75 names on it. Those three pits had never had a major disaster, but over 100 years 75 men were killed in them, including my grandfather, Andrew Corrigan, who I think was 27 when he died, and his brother, Peter, who was 25 when he died. They were on my father's side of the family. On my mother's side of the family, however, Alix Wright, who was 25, and his brother, Jack, who was 22, died in the trenches of world war one within two months of each other.

I will not pretend that wartime deaths were unique to the north-east, but they came on top of all the health inequalities that existed in the north-east. If people survived the trenches and the pits, they were very likely to succumb to consumption, problems in childbirth or the diseases of poverty. That continued right through the two world wars, and through the '50s, the '60s, the '70s and '80s. We created tens of thousands of ships, we hewed coal and we made iron ore into steel. That industrialisation left us with a massive legacy in the north-east—a history of early deaths from cancers, emphysema, stroke and heart disease.

The Labour Government did something about that situation. For the very first time, they focused on the social causes of health inequalities and put together a planned and integrated system to level the playing field. What concerns me is that, although the current Government are saying that they are committed to tackling health inequalities, what we are seeing is a complete difference between the drivers that they have put in place to deliver their stated objectives and what actually happens. There is a real skew between what they say and what they do.

I sat through the debate yesterday in the main Chamber on food prices. I do not want to be rude but I must say that it was almost as though the Secretary of State for Environment, Food and Rural Affairs was handing out

[Pat Glass]

bouquets at a village fete. We are faced with people telling us that there have been massive increases in charitable food banks and in middle class poverty; a return of diseases such as rickets among children; and children being admitted to hospitals during school holidays with malnutrition, which shocked me. However, the Secretary of State said to us that she welcomed the increase in food banks as a sign of the success of the big society. I see that as being a massive skew between what the Government are saying and what they are actually delivering.

I will finish by saying that in the north-east we have things that we are rightly proud of. We have a proud history; we fired the industrial revolution. As I have already said, we built tens of thousands of ships and we provided the powerhouse for this country for many years. And we have things that we can still rely on: our community and kinship; our social cohesion; our stability; and our wonderful surroundings, of which we are rightly proud. But we are saying to the Government, "You have a duty to ensure that we live long enough to be able to enjoy these things."

10.39 am

Ms Diane Abbott (Hackney North and Stoke Newington) (Lab): It is always a pleasure to serve under your distinguished chairmanship, Mrs Riordan.

I congratulate my hon. Friend the Member for Newcastle upon Tyne Central (Chi Onwurah) on securing this debate. Its importance to the north-east is exemplified by colleagues' high level of attendance this morning, but it is also important because the lifestyle issues and the social and, if I might say so, class determinants behind health inequalities lie at the heart of bringing down levels of acute diseases such as cancer and heart attacks. Until we tackle the range of public health issues that underlie health inequalities in the north-east, we have no hope of building a healthier Britain overall, or of containing the cost of the national health service.

My colleagues have comprehensively dealt with the data on health equalities in the north-east, and I do not plan to repeat most of them. I want to talk specifically about smoking and alcohol, which are big issues in the region, and to pose some questions to the Minister. I was very pleased to visit Newcastle last year, at the invitation of the then, and current, leader of the city council, Councillor Nick Forbes. I chaired a round table on tobacco and alcohol, and heard about the work of Fresh under the leadership of Alisa Rutter, and saw a presentation by Balance North East. On the same day, I visited Newcastle Royal Victoria infirmary and discussed the devastating impact of the excessive alcohol consumption in the local community with a top north-east liver specialist and consultant gastroenterologist, Dr Chris Record. He kindly gave me a chart of alcohol units, and I have it up in my office because I need reminding that the average glass of wine nowadays contains 2.5 units. How many people know that?

There is no question but that we did not achieve all we wanted to on health inequalities under the previous Labour Government, but we did make progress, and I hope that the Minister will acknowledge that. Drilling down into the overall figures shows that we made progress in specific areas, and the Minister acknowledged during a speech to a fitness industry conference in London that the previous Government were indeed firmly committed to reducing health inequalities. As colleagues have said, and as the North East Public Health Observatory tells us, the health of people in the north-east generally is worse than that of people in England as a whole, and that is largely to do with the social determinants I referred to earlier, and also the region's industrial legacy.

I now want to talk specifically about tobacco. Work in this area is an example of good practice and partnership, but it is the sort of public health work that is potentially threatened by some of the changes the Government are bringing forward. Smoking remains the major cause of premature death and disease in the north-east, killing more than 5,000 people a year. It costs the region £174 million, the NHS £104 million—£35 million through passive smoking—and businesses £34 million in absence days alone. The average age at which people start smoking in the north-east is 15. The region has historically had the highest smoking rate in England, but, as we have heard, the rate has come right down due to the activity of Fresh.

Fresh has won all sorts of awards, including the gold medal in the inaugural chief medical officer's public health awards, and it delivers work across eight key strands, but it is concerned about the changes in public health that are coming forward. It is currently funded on an annual subscription basis by all 12 north-east PCTs, and the PCTs are worried about what will happen when they finally fold. I understand that discussions are under way to secure the continued commissioning of the Fresh programme by local authorities. Is the Minister aware of those discussions? Can she update the House on what progress has been made to secure funding for this important and successful initiative, which is leading the nation?

Fresh is also concerned about the loss of the regional tier of tobacco control programmes in England as a whole, and the advent of the localism agenda might make it more difficult for local authorities to co-ordinate, and to attack some of the public health issues. How will the Government ensure that all local authorities prioritise tobacco issues? How does the Minister plan to ensure that there is no fragmentation or duplication of resources and efforts when the PCTs go? How will she ensure that localities work together to achieve economies of scale and have a population-level impact, as we have seen happen so successfully with Fresh? Can the Minister tell the House today when the new tobacco marketing strategy will be published? Will the Government ensure that there is a clear focus on tobacco?

Alcohol is another major cause of health inequalities in the north-east. We know that generally the affluent tend to consume the most, but for a variety of reasons the health effects of disproportionate alcohol consumption are felt most keenly among the poorest, and in areas such as the north-east. We also know that although in a recession levels of drinking tend to level off, among young people they go up, and we are seeing evidence that levels of self-harm are going up among young people. Alcohol is therefore a worrying issue, not just because of the physical health issues, but in relation to mental health and public order. The north-east continues to have the highest rate of alcohol-related hospital

admissions, and in the past nine years alcohol-related liver disease has increased, sadly, by 400% among 30 to 34-year-olds, which is the highest rate in the country. I want, therefore, to know from the Minister about the Government's alcohol strategy. Is she content that the constituents of my hon. Friend can buy two litres of cider for £1.34? That is less than the cost of an equivalent quantity of a soft drink.

On my recent visit to the region, I found that availability was a genuine concern, with alcohol available 24/7 and many off-licences centred in the more deprived areas. I see that in Hackney, we have more off-licences and bookies than shops where we can buy fresh food.

Guy Opperman: Will the shadow Minister give way?

Ms Abbott: I would love to, normally, but I have to try to get through my speech so that we can hear from the Minister.

Last September, the leader of Newcastle city council, Nick Forbes, amended a motion calling for the introduction of a minimum price for alcohol. He made the motion more comprehensive, calling for a wider range of measures to address the availability of alcohol. They included more powers for the council to refuse or withdraw licensing applications, following a report last year that linked under-age drinking to areas with a high density of licensed premises. Nick Forbes said:

"Figures show that alcohol is being sold for pocket money prices in Newcastle. Cider is available for 16p a unit...Most pubs back the idea of a minimum price for alcohol, as it would only affect the loss-leading deals offered by some supermarkets and wouldn't have any impact on the price of a pint. It's a controversial step, but there's evidence that more and more people are 'pre-loading'—downing cheap spirits at home before going out on the town. Minimum pricing would reduce this, and thereby reduce the overall figures for anti-social behaviour and hospital admissions".

What decisions are being made at a national level to support local leaders such as Nick Forbes, who are committed to reducing health inequalities overall, and are taking strong action on issues such as alcohol?

The figures show that NHS North East has been told to set aside £143,350,133 to pay for the Government's plans over the next two years. The NHS operating framework published in November requires health trusts to set aside 2% of their budget to pay for the Health Secretary's changes in the Health and Social Care Bill. County Durham PCT has to set aside the greatest amount, followed by Sunderland and Northumberland. It is wrong to force local health trusts to set aside money to pay for bureaucracy and redundancies, when patients in the north-east, and constituents up and down the country, are waiting longer for treatment.

The Minister will know that the Heath Committee, chaired by not just a Tory Member of Parliament but a distinguished former Health Minister, the right hon. Member for Charnwood (Mr Dorrell), has raised a number of concerns about public health. It is concerned about whether the so-called responsibility deals can help alcohol and obesity problems, and about whether the health premium will just involve money going to people in regions where they are managing to tackle the problems, perhaps because they do not have the underlying social and class issues of other regions, at the expense of regions with genuine problems. The Health Committee also raised concerns about the closure of public health observatories in regions including the north-east.

What we are debating is not just a matter for the north-east. The underlying social issues apply to the health service all over the country. Even the north-east, with all the challenges posed by its industrial past, has examples of excellence and of path-breaking partnership work. We want an assurance from the Minister that the proposed changes—the confusion, chaos and cuts—will not hold back that work, and that she will not confine herself to discussing Labour's record in general terms but will address the issues that affect the day-to-day lives, life expectancy and life chances of millions of people throughout the country, including in the north-east.

10.50 am

The Parliamentary Under-Secretary of State for Health (Anne Milton): It is a pleasure to serve under your chairmanship, Mrs Riordan. I congratulate the hon. Member for Newcastle upon Tyne Central (Chi Onwurah) on securing this debate on a matter of considerable importance, and not only for the UK. Non-communicable diseases are a problem around the world, and inequalities also exist in Tanzania. I welcome Tanzanian MPs' interest, as I do my new daughter-in-law, Maureen Rachel Mwasha, who married my son in Dar es Salaam at Christmas.

However, I will return to inequalities, if you will forgive me, Mrs Riordan. It cannot be right that people in one part of the country are likely to live about 11 years longer than people elsewhere, or that the likelihood of developing heart disease or cancer is determined to a significant degree by postcode. I stress that some of the detail of inequality is missed, and that it is necessary to consider large, significant but often hidden populations of inequality in otherwise affluent areas.

As the hon. Lady mentioned, inequalities in the north-east are particularly poignant and generally worse than in England as a whole, but although I recognise that spending on health increased under the past Government, so did health inequalities. As the hon. Member for Hartlepool (Mr Wright) stated, links between education, employment and health are well recognised, but we inherited a dreadful budget deficit, a terrible economic climate and worsening health inequalities.

Debbie Abrahams: Will the Minister give way?

Anne Milton: I am afraid that time does not allow me to.

Health in the north-east has historically been poor due to a legacy of heavy industries such as coal mining and shipbuilding, lifestyle choices and a complex web of factors. Levels of deprivation are high and life expectancy for both men and women is lower than the national average. Members might be interested to know that the Hartlepool shadow health and wellbeing board is already having a detailed debate about tackling the issues mentioned by the hon. Gentleman, including child immunisation. The proposed health reforms are enabling the people of Hartlepool to address the issues through local solutions instead of a top-down approach.

[Anne Milton]

Even within local health authorities, wide and unacceptable health inequalities remain. Life expectancy can vary by as much as 18 years within a relatively small geographical area. On the plus side, although previously falling rates of early death from cancer have started to level off, death rates from all causes among males have fallen faster than the national average in recent years.

I reassure the hon. Member for Newcastle upon Tyne Central that I do not pretend about anything. She must look to her own party for the answers to her concerns. They were in Government for 13 years.

Debbie Abrahams: Will the Minister give way?

Anne Milton: I have only six minutes, and I have numerous questions to answer. The north-east has made commendable efforts to tackle its problems, acknowledging some of the things that happened under the last Government. At the core of Better Health, Fairer Health is a drive to tackle inequalities through multi-agency partnerships.

The north-east has its own tobacco control office, the first of its kind in the UK; Fresh began life in 2005. I am sure that the local authorities will recognise the work that has been done. It will be down to them to decide how the money is spent in local areas to improve their stubborn smoking rates. In the north-east, Fresh has managed to reduce the number of smokers by 137,000, and local NHS stop smoking services continue to provide support to the highest number of people in England. We in Government have introduced a tobacco control plan, and I assure the hon. Member for Newcastle upon Tyne Central that we will be consulting on plain packaging and continuing progress, as detailed in the plan, which I am sure she has seen.

However, the major part of poor health in the area will be remedied only by widespread changes in behaviour. It is this Government's policy to encourage people to change how they live—*[Interruption.]* Hon. Members might gain slightly more from this debate if they listened to the answers rather than shouting at me from across the Chamber. We cannot frog-march people out of the off-licence, compel them to stop smoking or force them to practise safe sex. Our challenge is to make the case that freedom without responsibility is not sustainable, so for the first time, allowing for the progress of the Health and Social Care Bill through the House, the Secretary of State will have a specific responsibility to tackle health inequalities, whatever their cause, and will be backed up by similar duties— *[Interruption.]*

Mrs Linda Riordan (in the Chair): Order. Will Members let the Minister be heard in this debate?

Anne Milton: Maybe they would do better to reflect on their own record.

For the first time, the Secretary of State will have a specific responsibility, backed up by similar duties on the NHS commissioning board and clinical commissioning groups, which will create a focus on reducing those inequalities.

Balance, the north-east alcohol office, was set up in 2009. Its remit is to change the culture of drinking to reduce alcohol consumption. The hon. Member who raised the issue might do well to remember that one of the problems with alcohol involves the discrepancy in price between supermarket alcohol and alcohol sold in pubs, and that the Licensing Act 2003, introduced by the previous Government, played a significant part in the availability of cheap alcohol.

We are doubling the number of family-nurse partnerships and increasing the number of health visitors by 4,200, and we have said that we will increase NHS funding, but critically, we will improve people's life chances by ring-fencing public health money for the first time, so public health budgets will not be raided to fund services. We are introducing the first public health outcomes framework.

The hon. Lady mentioned older people. This year, a £30 million budget is being distributed to local authorities so that they can take action locally in ways that will reduce the number of local resident deaths from cold weather. I remind hon. Members that the previous Government's policy was to cut funding in the NHS. We are ring-fencing the public health budget and increasing duties on the Secretary of State.

The proposed mandate for the NHS commissioning board and the suite of outcomes frameworks for the NHS and public health will enable organisations to be held to account for the first time on health inequalities. The Health Secretary will also have new responsibilities to address health inequalities as part of the NHS reforms.

The hon. Member for Tynemouth (Mr Campbell) is confused about funding. I point out to him that the Department does not distribute funds to local hospital trusts. He mentioned alcohol in particular. It would be simplistic to suggest that the rise in alcohol harm and alcohol misuse is due to price alone. The issue is complex, and we will be introducing an alcohol strategy in the near future.

Tackling inequalities and supporting the principles of the Marmot review are a priority. Inequalities are deeply embedded in society and highly resistant to change. What echoes with this Government is the fact that public health funding will finally get the priority that this country deserves and that was missed by the previous Government.

Self-Employment

11 am

Richard Harrington (Watford) (Con): It is a pleasure to serve under your chairmanship, Mrs Riordan, and I am pleased to see so many hon. Members present, particularly the Minister for Further Education, Skills and Lifelong Learning and the shadow Minister, the hon. Member for Chesterfield (Toby Perkins).

This debate came about as a result of a conversation between me and my hon. Friend the Member for Wyre Forest (Mark Garnier), who is sitting next to me, about people in this country setting up their own businesses. We reached the conclusion that not enough people do so. Everybody knows the benefits of people setting up their own businesses, but there is a certain culture against self-employment and business in this country, notwithstanding everything that this and the previous Government have tried to do. Politicians brand the terms "entrepreneur," "small and medium-sized enterprises" and similar without really understanding what they are about. My hon. Friend and I have, therefore, decided to focus the debate on how Governments can change attitudes.

Like so many people of my generation, I was the first member of my family ever to go to university. Few people at that time had the idea of setting up their own business, and I do not think that much has changed. I have two sons, one in his late teens and the other in his early 20s, and from what I have observed of my family life, as well as that of my sons' friends and during my constituency duty of visiting schools—some very good, others not so good—and further education colleges, there is very little idea, culture or yearning among people, from the most academically gifted to the least so, to set up their own business. However, I commend people such as my hon. Friend the Member for Newton Abbot (Anne Marie Morris), whom I am pleased to see and who is co-chair of the all-party group on micro-businesses. Others have also tried very hard in the main Chamber, as well as elsewhere in the Palace of Westminster and throughout the country, to help the cause of small business. The Government themselves have also made a lot of effort, and I do not feel that it would be right for me to criticise them.

This debate will be divided into two halves. I will deal with social, cultural and educational barriers, and what I think the Government might do about them. My hon. Friend the Member for Wyre Forest will then deal with taxation, regulation and other more direct governmental aspects. It is also nice to see so many other hon. Members present who want to take part.

On the face of it, self-employment seems to be going well. Recent figures show that 300,000 people have become self-employed in the past year, which means that they are registered with Her Majesty's Revenue and Customs as being self-employed, but I do not think that that necessarily means that they have set up their own business. Some of them will, legitimately, have taken on part-time functions that classify as self-employment. I do not want to get into a political debate about whether that is self-employment or not, or whether the recession is to blame, because I want to focus on a culture that will give ambitious young people the desire to set up their own business.

The education system is the most important opinion-former for young people, and many aspects of it are encouraging. Like many other hon. Members, I have Young Enterprise groups in my constituency. We have Hertfordshire Young Enterprise in Watford, and I have seen many teams of young people setting up little businesses at school. They are largely supported by voluntary contributions from local businesses and they get mentors. In fact, only last Saturday, there was a display of the best teams at the Harlequin centre in Watford, which is well known to some Members present and to those more illustrious alumnae of the better Watford girls school—without naming names—whom I am also pleased to see present. It is interesting to see that these teams set up real businesses, producing bracelets, handbooks and all sorts of things. Some of the products make them a bit of money, and it is good to see local businesspeople helping them. This, however, is only useful if it gives those young people a desire to say that, when they graduate—assuming that they want to go to university; I am not saying that that is necessarily the most important thing—they want to set up a business, but I do not find that to be the case.

I recently visited Watford grammar school for boys, which is one of the better schools in the country—30 boys are going to Oxford or Cambridge this year. After I finish my talk to the sixth form, I always ask them what they want to do after university—most of them go to university, but I would ask a similar question at a school where not so many pupils do so. When I ask how many want to be lawyers, accountants or involved in advertising or the media, many hands go up, but when I ask who wants to set up their own business, very few want to do so, including those who have taken part in the education system's successful schemes.

Toby Perkins (Chesterfield) (Lab): The hon. Gentleman is making an important case for the role that education can play. Another part of getting young people excited about running their own business is the experience of those who do so at the moment. Today's *Financial Times* includes an article on an Aviva report that involved interviewing 500 owners of SMEs for its research. A quarter of them said that they were considering returning to work as an employee, because of how difficult it is at the moment to run a small business. When people who actually run their own business find it that difficult, will it not be more difficult to persuade young people to do so?

Richard Harrington: The shadow Minister makes a valid point. I read that article in the *Financial Times* online—if I cannot sleep at 3 o'clock in the morning, I find that that is the best way to get back to sleep. It focused on the general problems of the economy and how much more difficult it is for people who are self-employed and have their own business. Some of those people look towards employment as an answer, and I do not disagree with anything that was said. I am sure that some people want to go back to the comparative security of employment, but I do not think that that changes my main argument. People becoming self-employed and setting up their own businesses is one of the most important things for this country to expand the economy.

Priti Patel (Witham) (Con): I come from a small business family. My parents were immigrants to this country and it is interesting to see the number of

[Priti Patel]

immigrants who are self-employed. My hon. Friend's premise is to get young people engaged in self-employment. Does he agree that part of the challenge is getting started, which is always very difficult, particularly for young people who feel insecure about doing so? Does he also agree with the concept of a youth investment fund to provide Government funding or incentives that give people a cushion and confidence to develop their own ideas to become self-employed?

Richard Harrington: I appreciate that comment, because I intend to address the youth investment fund, which is important. Indeed, Sir Richard Branson has expressed an interest in this debate. He is elsewhere in the House at the moment and will join us later. The fund is important, but it is just one aspect and I hope to come back to it shortly.

On the education system, it frightens me that 60,000 people a year do GCSE business studies—this was true of my own sons—and are forced to learn accounting ratios, liquidity ratios and the difference between US generally accepted accounting principles and British accounting standards, but there is nothing whatsoever that will give any of them any desire or incentive to relate to business as they see it, which is buying a product and selling it at a profit, or providing a service for which people will pay. That is a real gap in the system, which, at the moment, is filled by Young Enterprise and various other very good schemes. However, that does not change the deep cultural point that people in this country do not perceive business as something to do that is either socially or economically worth while.

Mrs Helen Grant (Maidstone and The Weald) (Con): On igniting the flame of desire for a young person to start a business, does my hon. Friend agree that it would help if we had better, bolder, more ambitious career advice encompassing enterprise for our kids and young people at school and university?

Richard Harrington: That is a very valid point. It could help and it is part of the whole picture that I want to build up in this brief speech.

We have to tell young people that setting up a business and employing people is socially acceptable and good for the country, and that they will make a lot of money. If they want fast cars, big houses and all that stuff, providing they pay their taxes, well done to them. It is very easy in politics to take examples of capitalism not working, of people being paid large amounts of money without doing much work for it and of people avoiding tax. We all have our views on those things and I think that everyone would agree that many of those issues need correcting. However, my fear is that such matters help to fuel the view among young people that business is not a very cool thing to be in, which is not right.

A socially responsible young person should be told, "Yes, you can do the kind of occupation that is directly socially responsible. You can be a teacher; you can be a nurse; you can qualify as a doctor and help to cure cancer; you can be a social worker. Those are all very good. But if you decide that you want to go into business and employ people, providing you pay your taxes, that is as much use to the country, if not more, because you are helping many people in their way of life. You are helping to fund the teachers, the doctors and the social workers and it is a very, very creditable thing to do." Society should say to such a young person, "Well done to you. You have done something that is very worth while. Do not believe the stuff about Gordon Gekko and greed is bad. Actually, greed is quite good. Providing you pay your taxes and employ people, you are really contributing a lot to society."

One of the big problems in this country is leaping over that barrier to make people think. Let us consider the notion of wanting things. People will only go into business to make money. I did it to make money. I did it because I did not have any money, and I did not like not having it. There is nothing wrong with that. People have to understand that going into business is a good thing to do. When I got my business to the level of employing 600 people, it was a constant nightmare. I was often worried. I did not sleep at night for thinking, "Have I done the right thing?" My wife once told me at 4 o'clock in the morning—she did not help matters; she never says things at 4 o'clock in the morning that help matters—that I was directly responsible for the lives of nearly 2,000 people. That is quite a burden of responsibility. People might think, "He's filthy rich," or, "He makes loads of money." However, whatever people think and say about those in business, they do not believe that they are performing a socially responsible function.

I want the Government and all of us who are in the opinion-forming business—that is what politics is, irrespective of what party hon. Members belong to—to realise that something has to be done to change that attitude, because it is in the national interest.

Julian Smith (Skipton and Ripon) (Con): Does my hon. Friend agree that teachers have a major role to play? What does he think teachers need to be doing and saying to young people on the subject of enterprise?

Richard Harrington: I thank my hon. Friend for that comment. The problem is that teachers by definition have chosen teaching as a career, so it is very hard for them to communicate on that. I do not want to take much more of this Chamber's time, but I will come on to a proposal that I think answers my hon. Friend's question.

I am not being critical of what the Government are doing. Yesterday, the Prime Minister and other Ministers made an announcement about this year being the year of the business and said that a minibus will go around different institutions, helping to give people the idea to set up businesses. All that is very good, but the cream of young people who are thinking, "I'm going to go to Goldman Sachs," or, "I'm going to become a top man or woman at the Bar," or, "I'm going to be a partner at Deloitte," need to think, "Actually, the status of my setting up my own business and employing people will launch me to a higher level in society. I will be applauded and not thought of as a person who tries to avoid taxes and should hide the fact they have bought a decent car."

The last vestige of the class system in this country is contained in the attitude that business is a bit grubby, something to be looked down and not something that proper chaps do. Until we change that attitude, we will

not have enough people setting up businesses, employing people and providing the growth that we need in the future.

George Freeman (Mid Norfolk) (Con) *rose—*

Richard Harrington: I will give way, after which hon. Members will be relieved to know that I shall be brief with my comments.

George Freeman: I congratulate my hon. Friend and my hon. Friend the Member for Wyre Forest (Mark Garnier) on raising this important debate. I also congratulate Virgin on the support and work that it is doing in this field. Like many hon. Members here, I am sure that he agrees—he has touched on this—that part of what we must do is to help those youngsters who do not have the experience of entrepreneurship and self-employment through their family, so that they can experience it through schools. Many of us in our constituencies can help and, indeed, are helping with schemes. In my constituency, we have set up a programme called the Norfolk Way enterprise bursary and we are linking school leavers with local businesses, which can be very empowering. Lastly, does my hon. Friend agree that it is very striking that some of our best entrepreneurs, for example, Richard Branson and Bill Gates, are not graduates? They started their businesses pre-university, which sends a very powerful message to youngsters who are feeling disillusioned and disengaged by the mainstream curriculum. Some of our most deprived communities could benefit hugely from such initiatives.

Richard Harrington: My hon. Friend makes very valid points. I hope that I speak for all hon. Members involved in this debate when I point out that Richard Branson and Bill Gates are examples of people whom we would regard as being very successful and would look up to. Both Richard Branson and Bill Gates were rejects from the mainstream academic system. Obviously, when I say "rejects", I do not mean that they were not up to it, but that they were, through whatever personality they had or whatever came about, not part of it. My hon. Friend's helpful intervention supports my argument, rather than the other way round.

In my constituency of Watford, there are some excellent initiatives. For example, Wenta, which is run by Chris Pichon and Sharon Gaffney, has many schemes to help schools give young children the opportunity to become entrepreneurs and to create an incubator for people who are without a job to help them set up their own business. Lots of good efforts are happening, but the fundamental point is to ask people to think culturally, socially and educationally. There is still a feeling against the acceptability of business in this country that is not present in Germany or the United States. As I have said, such an attitude is a result of hundreds of years of looking down on business.

David Morris (Morecambe and Lunesdale) (Con): I agree with everything my hon. Friend has said. Back in the 1980s, the manpower allowances service scheme was brought in by Margaret Thatcher's Government. That scheme took people who were on the unemployment register and gave them twice the amount of unemployment benefit, so that they could go self-employed. Indeed, I was one of those people, and I built up a business that employed more than 100 people and experienced the same sleepless nights as my hon. Friend.

Richard Harrington: I absolutely agree. Indeed, I was also one of those people. My hon. Friend is talking about a business start-up scheme whereby if someone was unemployed, they got £100 a week. If they did well, they paid tax on it. That scheme helped a lot of people to start their business. I think that my hon. Friend the Member for Wyre Forest will discuss many of the schemes that the Government are doing.

I have a final proposal for the Minister. There should be an institution at university level—whether it is called a university technical college, a special university college or whether it is part of an existing university, such as the university of Hertfordshire, which does a lot of work in the field of business studies and management training—that exists entirely to train and help people to set up businesses. The course should be run predominantly by people who are successful in business and who are prepared to give up their time to do that, rather than by people who have taken business studies. At least half the course should involve practical work on how to set up a business. Sir Richard Branson's scheme for the youth investment fund could help to fund it, as perhaps could the Government if local business people were to become involved. Students may include mature students as well as those from sixth forms going into the normal higher education system, and when they graduate they should have set up a business that either works and is doing well, or does not work. If it does not work, it should not mean that they do not graduate, because many people in business try things that do not work.

George Hollingbery (Meon Valley) (Con) *rose—*

Mrs Grant *rose—*

Richard Harrington: I give way first to my hon. Friend the Member for Meon Valley (George Hollingbery).

George Hollingbery: I have set up several businesses, some of which were not successful, but one of which was, and I am very aware of the shadow Minister's reasonable point that 25% of people are seeking to go back into employment because of the difficulty in starting a business. Does my hon. Friend agree that we must be careful not to sugar-coat setting up a business? It is a difficult career, full of challenges, and if we teach it in schools and universities, we must be realistic. People must understand that failure is part of the education process, and that although it may lead to success, the road on the way will be bumpy.

Richard Harrington: That is an exceptionally good point, and I am sorry that my hon. Friend, like me, in later life has had to do the job that we are doing now instead of being in business. However, I know that he, like me, benefited greatly from his time in business. His serious point was well made. The alternative of salaried employment for a company is not secure either, and many people lose their jobs. My generation may be the last one that believed that the professions provided a job for life. There is a risk element now.

I return to my university college, which I hope the Minister will immediately decide should be located in Watford, because that is the obvious place for it. Watford is a good example for small businesses. It used to depend on two heavy industries—printing and lorries—but

[Richard Harrington]

it now has more than 1,600 small businesses, and the employment background is small business, so Watford would be a suitable place for the college. It would be an ideal location because of being well known internationally as a centre for commerce, culture, intellect and so on.

My serious point is that the Government, with all the excellent measures that they are taking, should consider introducing a degree on setting up a business—obviously, that is not what it would be called—helped by local business people who would agree to take part for perhaps two or three days a week. Students could set up real businesses that would go on to provide real employment for people. That is where academia should meet the practicality of setting up a business.

Toby Perkins *rose—*

Richard Harrington: I will happily give way to the hon. Gentleman, but my hon. Friend the Member for Maidstone and The Weald (Mrs Grant) rose first.

Mrs Grant: Does my hon. Friend agree that banks need to be more reasonable in their behaviour and attitude to businesses and potential business clients, and that if they were, that would encourage business and future enterprise? At the moment, banks are so overly cautious that they are impeding business.

Richard Harrington: I agree with my hon. Friend, and my hon. Friend the Member for Wyre Forest will speak about that.

Toby Perkins: I want to explore the hon. Gentleman's idea. He has rightly identified that many successful entrepreneurs with great business careers were not academically inclined, and perhaps those who have that motivation and spark do not sit well with long periods of study. How does he square that argument with his idea that people should undertake three or four years of study to set up a small business, when many of the best small business people have been instinctively brilliant rather than studiously and academically brilliant?

Richard Harrington: I have to accept the logic of that point. Not everyone who wants to go into business would go to the sort of college that I am proposing. Many people would start businesses as happens now. Many people who have been in employment may decide when they become a bit older that that is for them. There are different routes to the same objective. However, I believe that an all-star college with teaching by people such as Sir Richard Branson and senior politicians and business people—people who have been in business—would show that the Government are serious, and that the status of such a course is as good as those at Oxford, Cambridge and so on. It is wrong for people of my age to use the expressions of younger people, but that would show that it is cool to set up a business, and just as good as anything else. In addition to the many other things that the Government do, they could help with that, and it would not cost too much money.

11.25 am

Mark Garnier (Wyre Forest) (Con): I thank my hon. Friend the Member for Watford (Richard Harrington) for his helpful and useful comments. As he said, I will speak about the slightly more tangible and gritty problems facing businesses. Before getting into the meat of my speech, I am struck by how many MPs are in the Chamber and the fact that I cannot see one who has not been in business. It is remarkable that the Chamber is so full, although I am sorry not to see more support for the shadow Minister with responsibility for small businesses. It is incredible to see so many politicians here, all of whom have extensive business experience.

As my hon. Friend said, I want to speak specifically about taxation, regulation, access to finance and cash-flow management. For the purposes of clarity, we are interested today in self-employed people and those who employ fewer than five members of staff—small businesses and micro-businesses. It would be wrong to start my speech without highlighting some of the initiatives that the Government are already taking.

On finance for businesses, the Government are introducing measures to increase the availability of equity finance through venture capital trusts and improvements to the enterprise initiative scheme. They are making regional growth fund allocations for business opportunities and addressing tax initiatives, such as rolling over capital gains into new venture funding. The national loan guarantee scheme is seeking to push debt finance further down the line, and the emergence of community finance organisations, which my hon. Friend the Member for Mid Norfolk (George Freeman) highlighted, is providing locally based informal financing opportunities.

On helping businesses with advice, my hon. Friend the Minister has recently announced three new websites. The Business Link website has an information section offering help on a range of business-related issues, including how to start up a new business. The "mentors me" website offers an opportunity not just for new businesses to find business mentors, but for business people to provide mentoring services. My hon. Friend the Member for Meon Valley (George Hollingbery) made the very good point that setting up a business is tough and that having the benefit of the experience of business people who have learned from their mistakes and can impart their wisdom to new businesses is incredibly important. Websites such as "mentors me" are a way of disseminating that information.

Finally, the improved Business Link website has a wide range of information on how to finance and grow a new or expanding business. However, were I to stand here praising the Government's glorious achievements, many though they are, as I am sure all hon. Members agree, the Minister would have nothing to say, so I shall turn to some of the problems facing businesses. I hope that he will address some of them and explain how the Government can help and thereby reinforce the process of developing part of the economy that has so much potential for growth and is so liberating for a huge number of people.

I shall start with taxation. No one wants to pay tax, but if we all want to enjoy the wealth of services that the Government provide and to sort out the problems that we inherited, we accept that we must make a contribution to tax. But as we know, it is widely reported that the UK tax system is the most complex in the world. Whether that is true is a moot point, but irrespective of where we are in the ranking of complexity, the fact that we have tax complexity at all is completely at odds with any sort of entrepreneurial spirit that we may want to foster.

The last thing a bright, young and enthusiastic business creator wants is to have that entrepreneurial spirit crushed by the dead hand of taxation regulation.

There are various simple answers. On national insurance, for example, the Chancellor has not only put in place a policy to help small businesses by giving employers a national insurance holiday for the first 10 employees, he is investigating doing away with that pointless and superfluous tax. That is definitely a noble direction, but things such as the accounting period for national insurance and PAYE and the fact that two forms must be filled in doubles the bureaucracy facing small businesses. Something as simple as dealing with that would be a quick fix.

We are familiar with the Federation of Small Businesses, which is an incredibly rich source of information on issues facing many small businesses. However, for micro-businesses and the self-employed, there is little specific data. The FSB definition of a small and medium-sized business is one with up to £25 million turnover and 250 employees. I do not know about other hon. Members, but certainly in Wyre Forest anybody bigger than that is quite a large employer locally, and there are few of them.

Glyn Davies (Montgomeryshire) (Con): I agree from a standpoint of running a micro-business myself: I have been a farmer and my wife has been a restaurateur. Regulation, and the fear of it, is particularly damaging to a micro-business, because the individual running it simply has to have the capacity to deal with all these things. In a larger business, often other people can deal with such matters, but it is typical of the small and micro-businesses that we meet for one person to do so. That is incredibly difficult. Fear of regulation and not being able to deal with health and safety issues are probably more of a deterrent than anything else.

Mark Garnier: I will come to the regulatory burden in a minute. My hon. Friend is right. I have seen a turkey farm that has had to comply with huge industrial reporting requirements for toxic chemicals, because turkeys produce ammonia, but it also has to prove that it is not producing a great range of other chemicals. These are the unintended consequences of over-bureaucratic regulation.

The FSB provides a great deal of helpful data on business attitudes. Sticking with the taxation issue, 60% of FSB members—two thirds of businesses—complained that the UK tax system is not only too complex, but has a negative impact on their ability to take on more staff and expand.

Guto Bebb (Aberconwy) (Con): The VAT threshold creates problems for micro-businesses. The fact that that kicks in at £73,000 is a cliff edge for many small businesses, because if they hit that level, they end up being penalised to the tune of £10,000, so they make a decision not to grow. Having a tax cliff edge of that nature is a barrier to growth for many micro-businesses in my constituency.

Mark Garnier: I agree. Our complex tax code is full of all sorts of unintended consequences exactly like the one that my hon. Friend mentioned. It is ridiculous having a tax that means businesses going above £73,000 will have to start charging their customers. That is a disincentive to growth in terms of going out and gathering business. If people stay below that threshold, it is a disincentive to employ more people.

Toby Perkins: The hon. Gentleman is talking about the difficulty with taxation faced by small firms. Will he support Opposition Members calling for a national insurance holiday for any micro-business with less than 10 employees that takes on a new member of staff?

Mark Garnier: A national insurance holiday? I think that we are already doing it. That is a policy of ours.

Toby Perkins: For micro-business.

Mark Garnier: I am sorry; the hon. Gentleman is talking about extending it to micro-businesses. Yes, all this has to be put into the mix of things that we need to look at. It is important to consider any way that we can help more micro-businesses.

FSB members say that our tax system is detrimental to their ability to make capital investments in their business, which again is another reason why people are being held back.

On a wider social point—sticking with tax complexity—it is worth noting that a complex tax system allows a huge range of opportunities for tax avoidance and tax evasion, which makes it extraordinarily complex for Her Majesty's Revenue and Customs to collect tax and ensure that we avoid the tax gap, which is estimated at anything between £40 billion and more than £100 billion a year. The rest of us have to pay for that tax gap and lack of revenue through increased taxes.

Half of small businesses spend at least two hours every week complying with their tax responsibilities alone and for 10% of businesses, particularly small micro-businesses, that can take up to six hours per week—six hours when those businesses should be capturing new customers, developing new products and investing in their future.

Two thirds of businesses feel that they need professional help to complete their tax returns, which costs them on average an extra £3,000 a year. One third of them find that national insurance in its various forms is difficult to understand. Half of businesses find allowances difficult to get to grips with. Frankly, it is all far too complicated and too expensive in man hours and financial resource to administer.

Regulation is the second area of extreme unrest for micro-businesses. According to the World Economic Forum's global competitiveness report, the UK is ranked 89th out of 139 for the burden that regulation places on businesses. Aside from the obvious problem of possibly deterring inward investment, the overburden of regulation, especially in the realm of employment law, is cited by businesses as a reason not to expand.

In a business survey in 2008—that was some time ago, but it gives a good idea of trends—a third of businesses thinking about expanding cited fear of regulation as a significant headwind to be faced in expansion and therefore a key factor in their decision. The same survey revealed that half of businesses planning to downsize or close rated regulatory burden as important in their decision to do so. The 2008 survey was undertaken in

[Mark Garnier]

difficult trading conditions, but regulatory burden should not be a significant factor when businesses are struggling to stay alive in a difficult environment.

Possibly more worrying is the fact that in the 2009 business survey 34% of businesses that were no longer employers cited complying with legislation as a reason for no longer employing staff. This is madness.

Karen Lumley (Redditch) (Con): In my constituency, I have been working closely with small businesses. Does my hon. Friend agree that they feel isolated, with a perceived lack of business support around them?

Mark Garnier: Yes. Being a small business man is quite an isolating experience, as many hon. Members will know. People are out there on the front line, struggling to get more business in. They can join network groups and all the rest of it, but they feel like they are in a foxhole, with letters in brown envelopes coming at them from HMRC and all sorts of regulators. That is not necessarily a particularly enthralling experience. My hon. Friend is right.

In addition to accountants and tax specialists to handle tax compliance, a plethora of organisations offer advice on human resources, fire and emergency, health and safety and other things. All that is welcome and they provide an excellent service, but the fact that they are needed and that a sub-class of business advice has been created shows the amount of regulation that we have to face.

The Government have made some progress on access to finance and cash flow. I do not want to be an apologist for the banking crisis. I have to declare an interest here. I was an investment banker and one or two other hon. Members here were, too. It is important to understand that banks have an aversion to risk. Part of the problem faced by the banks is that the Basel III and the Vickers' recommendations, and so on, are trying to deal with the problem of not wanting the banks to fail. On one hand the banks are being asked to tighten their balance sheet, and on the other they are, rightly, being asked to lend more money. For the banks, those are opposing requests. We need to take great consideration of that as we go through the process of implementing the recommendations of the Independent Commission on Banking, because we cannot ask the banks to take on more risk and expect them not to go bust. That is a contradiction.

Sheryll Murray (South East Cornwall) (Con): Is my hon. Friend aware that in my constituency—with particular reference to the fishing industry—someone receiving training who then wants to start a business needs to purchase a fishing vessel? The banks will not just accept that fishing vessel, although it is a valuable asset, as collateral for a loan. They ask for additional collateral, such as a charge on a property, which a lot of young people do not have. That is stopping industries that support our coastal communities from expanding. Does my hon. Friend think that there is an answer to that?

Mark Garnier: My hon. Friend raises two important points. First, on the general point about raising finance for businesses, part of the problem is that, in the past, loans have not so much been business finance loans as mortgages, where a bank has taken a secure guarantee, such as a property, thereby effectively giving a mortgage used to finance a business and the cash flow out of the business is used to service that debt. The feeling that I get out there is that banks have slightly morphed away from being business financers to being mortgage companies dressed up as business financers.

Secondly, my hon. Friend mentions marine finance. We have one of the finest marine businesses in the world. We produce the most fabulously made yachts—we are world class. I hope you will forgive me for getting in a plug for one of my constituents, Mrs Riordan, but Sealine in the middle of landlocked Kidderminster builds very good ocean-going yachts, and if you ever get a chance to take one out, you should. However, this country does not have a significant marine financing industry, and that is a real problem for all the marine industry, whether we are talking about luxury yachts or working fishing boats. I am working with constituents and various marine industry representative bodies to see whether we can address that point, because we must look at it specifically.

In addition to problems with equity and debt, part of the problem businesses face lies with cash flow. All too often, small businesses suffer as a result of delayed payments. To return to the FSB, three quarters of its members have received late payments in the past 12 months, while nearly half claim that a third of invoices are paid late. That is costly in terms of the time spent chasing invoices. In addition, a fifth of the claims for money owing to those businesses are for more than £20,000. Many businesses go bust not because they do not have enough capital or customers, but because of their cash flow. The problem is that, although a business is perfectly viable, it can easily go bust because of a late payment.

Christopher Pincher (Tamworth) (Con): Further to that point, is the problem not that businesses have difficulties with their cash flow, but that banks do not offer decent overdraft facilities to tide companies over in such difficult times? We need to ensure that, when banks lend money, they do not simply do so through loans tied to interest rates and specific rules. They should be much more flexible about offering overdrafts, so that businesses can get through difficult times.

Mark Garnier: My hon. Friend is right. Various factoring, invoice and financing arrangements can be put in place for businesses. They are designed, in theory, to help businesses through their cash-flow problems, such as paying for stock to put on their shelves and sell on. A number of the banks in my constituency are certainly much more cautious about asset filing and invoice filing than they were. That is a serious problem, but it can be dealt with, despite some of the bigger problems that the banks face in meeting the Basel III requirements. My hon. Friend makes an incredibly important point.

I want to look at what the Government can do to help. I ask my hon. Friend the Minister to take note, and I am sure he will have some helpful comments at the end of the debate. First, we already have the Office of Tax Simplification, and it is incredibly important that we get the Government to take on its recommendations. We must make absolutely certain that any tax changes

are properly thought through in terms of simplicity and that they have a good economic and social justification. If we are going to write taxes, we should do so with an eye to international competitiveness. They should make it easier for our businesses to trade and for us to attract businesses to come and invest in our country.

I talked a bit earlier about merging income tax and national insurance contributions, but I should stress again that it would be incredibly helpful if the collection of national insurance and PAYE could be merged, so that people have a simple form to fill in, rather than two complex forms.

The one-in, one-out system of regulation is welcome, and it should start to force some helpful changes. However, the system needs to be rigorously enforced, and the Government's commitment to it must remain strong.

Lorely Burt (Solihull) (LD): The hon. Gentleman makes a really important point. Does he agree that, as well as introducing regulations in a rigorous way when they are absolutely necessary, we should measure whether they do their job, with a post-examination within a specific period, so that we can sunset those that we do not need and get rid of them?

Mark Garnier: Yes, absolutely. I agree with the hon. Lady. She is absolutely right on UK regulation, but we should also do that on European regulation. We simply cannot have endless regulation coming through, and we really need to see whether it is worth having.

Julian Smith: Does my hon. Friend agree that, with very small businesses and start-ups, the Government might need to be more radical than they are being at the moment? On issues such as flexible working and the right to request training, there may be an argument for exempting very small businesses and new businesses from legislation. We should seriously think about more radical measures, such as making it easier for small businesses to get rid of staff. That is politically difficult, but I would like to encourage the Government to think carefully about those proposals from Adrian Beecroft.

Mark Garnier: My hon. Friend could have been reading my speech, because my very next point was exactly that. It is vital that we help businesses. Ronald Reagan introduced a law under which businesses with fewer than five employees were exempt from a lot of business regulation, and he increased the number of jobs by 30 million as a direct result.

On a practical point that is deliverable, rather than necessarily doing something wholesale, it is vital that we have a system under which we exempt micro-businesses with fewer than, say, five employees from new legislation. We should also give such businesses a holiday when new measures are introduced. If we introduce new regulation—to follow on from the comments of the hon. Member for Solihull (Lorely Burt)—we need to see how it beds down with those organisations that can afford to implement it. If it works and it is sensible, we can translate it through to smaller businesses when we know how to implement it. We should not load it on to small business right at the beginning and expect them to tackle it and to be the crash-test dummies, when they do not really have the resources to deal with such regulations.

Another problem with regulation is that its introduction is like Chinese water torture, with one drip after another throughout the year. It is quite difficult for many businesses to tackle that drip-feeding of regulation. If we are to bring in regulation, we should bring it once a year. That would make it a lot easier for businesses to focus and comply.

Finally, there is no doubt that the Government have plenty of opportunities to help businesses on cash-flow issues. They have quite a lot of money, although, admittedly, not as much as they used to, and they have a useful cash flow. When they take on contractors, particularly SME contractors, they could achieve a number of things by having a process whereby invoices were paid within 10 days. First, that would set an incredibly good example to the business community and show that early payment is important. Secondly, the Government could push such early-term payments from the contractors to the sub-contractors. Such a process would also give them the ability to persuade their sub-contractors and contractors to sign up to an agreement to help businesses by adopting better payment terms. Those are just a few suggestions, and I am sure that hon. Members will have many others.

I am heartened to see the Minister in his place. He has been in the private sector and has worked hard in business in the past. It is incredibly heartening to see so many business people here, including the Minister. I have every confidence that he will have some helpful comments when he winds up. Much more importantly, when he goes back to his civil servants, he will have a zeal and an enthusiasm for helping small businesses that can come only from somebody who has first-hand experience of the business world.

Several hon. Members *rose—*

Mrs Linda Riordan (in the Chair): Order. I intend to call the Front Benchers at 12.10. A number of hon. Members are trying to catch my eye. I would like to call as many Members as possible. I therefore urge Members to make short speeches.

11.48 am

Sarah Newton (Truro and Falmouth) (Con): I will speak for two minutes, and I will probably speak very quickly so that more colleagues can get in. I congratulate those who secured the debate on the excellent way in which they opened it.

I would like to talk about enabling self-employment from the point of view of groups of people who find it difficult to engage with the workplace. These are not necessarily people who would go on to set up a business of their own. One such group is people living with disabilities that make it difficult for them to leave home. Another is women who would like to balance employment with caring responsibilities for children, an elderly relative or perhaps somebody with disabilities. I am really talking about people being self-employed as home workers.

I would like to share with Members the story of a really successful organisation I have been working with over the past 12 months. It enables call centres to be in-sourced back to this country by creating a network of call centre operators based in their own homes. The Government are investing a great deal of money in superfast broadband, and we are definitely benefiting from that in Cornwall. The networks I am talking about

[Sarah Newton]

would be a good way of utilising that investment to encourage people who are probably not in a workplace now to get training and to become self-employed as call centre operators from their homes.

In America, such an initiative was set up a couple of years ago. It was specifically targeted at getting people off welfare and into work. Globally, the company to which I am referring and which invested in the technology employs more than 22,000 people. It set up in the UK just 12 months ago. It employs 1,500 people and is taking on 2,000 this year. Companies such as Littlewoods and many well known holiday organisations are involved.

With a concerted effort, all of us as Members of Parliament can promote what I have described. I would also like my hon. Friend the Minister to consider something that President Obama is considering this week. I am talking about giving tax incentives to the very big employers, the very big national companies, such as BT, that are outsourcing their call centres throughout the world to repatriate those jobs to the UK—to in-source them back to the UK. Barack Obama is considering giving financial incentives to companies through the taxation system—a financial incentive for every job that they bring back to America. I would like the Minister to examine what is being done in America to see whether we can do the same to repatriate what would be tens of thousands of jobs to these shores and enable people who are finding it difficult to fit into the workplace—such as people with disabilities and people with caring responsibilities—to be self-employed.

11.51 am

Nick de Bois (Enfield North) (Con): I shall be brief. I intended to make two points, but I will now make only one, in the interest of enabling other hon. Members to speak. I want to talk about the role of education and of finance and how help can be provided to people. I fully confess to being heavily influenced by a constituent of mine, who has been working under the scheme led by Virgin Media. In the past year, she has taken steps to establish a competitive business. In fact, while she was at college, she was so entrepreneurial that she decided to use some of her student loan to help to fund the website that is driving her business. The entrepreneurial spirit is to be admired. I have no idea whether she was allowed to do that, so I will not name her, but it shows that with some lateral thinking, perhaps some of the young talent that exists can be put to good use.

I myself did not go to university. I went to a technical college in Cambridge, which I am told is now a university. The business studies course that I did was a sandwich course. It struck me that the only choice that I had during that sandwich course was to go to a placement that was put to me by the college, very helpful though it was at the time. Why cannot we set up an arrangement whereby we allow a sandwich year, even in a course of reduced time length, to become an opportunity for someone, under mentoring and guidance and with the ability to use student finance at their disposal, to take their first steps towards running a business?

If we think creatively, we can not only foster the educational and mentoring skills that are so vital; we could even allow people access to finance, perhaps on the same terms as those of the student loans scheme. I suspect that it would not be able to extend its remit to do that and we may have to look elsewhere for other sources of financing. However, if we are genuinely saying, "Let's educate and let's motivate," and we have students who are showing character and willingness by seeking out the courses, there could be a useful match with an existing system in order to help them. At the end of the day, the payback to them as individuals will be substantial—the payback to the economy will be vital.

I therefore ask my hon. Friend the Minister to give the initiative that I have described some consideration and not to lose sight of something that we all too glibly talk about—

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): I have given that some consideration and I am grateful to my hon. Friend. I think we will do it. I think it is a very good idea and I will ask my civil servants to work something up.

Nick de Bois: I say, when you're ahead, quit. I thank the Minister.

11.54 am

Anne Marie Morris (Newton Abbot) (Con): I will be brief, given the number of hon. Members who want to speak. The UK Commission for Employment and Skills, which reported last August, said that we are at an all-time high; we have 4.1 million people in self-employment at the moment. That report was particularly interesting because it examined what drives the increase in self-employment, and it does not depend on the economy, as we might have thought. It is principally driven by looser regulation, access to finance and Government policy that specifically drives unemployed people into self-employment. The 1980s was a particularly fine example of that.

[Mr Gary Streeter *in the Chair*]

Let me deal with each of the three elements. With regard to Government policy, the new enterprise allowance has been a great step forwards; I endorse it entirely. The Government now need to consider whether, having extended it from young people to the whole working population, they should take away the requirement for a person to have been on jobseeker's allowance for six months as a precursor to being eligible to receive it. Many people see unemployment as a bit of a stigma. They may want to come into employment after having brought up children or for many other reasons.

Equally, the Work programme is excellent. I am working with the Minister of State, Department for Work and Pensions, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling), who is responsible for employment, to consider the extent to which the Work programme is enabling and encouraging individuals to become self-employed rather than going into employment.

I come now to the two other issues raised by the commission's report. On regulation, the Government have clearly taken a very good first step by exempting micro-businesses from regulation for three years. However, I urge them to exert all their energies on getting the European Union to exempt micro-entities—that is a

new definition for the very smallest businesses—from new regulation. I gather that that is being discussed, but I urge the Government to push it forward as a priority.

The Government's red tape challenge has been extraordinarily useful and powerful. It has explored 12 different areas of red tape—12 sectors—and five more are to come. The Government have said that they will report on that three months after the closure of the consultation. I look forward to those results. I urge the Government to examine in particular those regulations that disproportionately disbenefit the self-employed and the very smallest businesses. The EU has recognised the need to simplify regulation for the very smallest businesses. I ask the Government to work hard at insisting that the EU has its own red tape challenge. It has examined simplification, but it has not considered root-and-branch removal, which is crucial.

Finance is the third issue. Points have been made clearly and well about the challenge faced by the self-employed and the small business in trying to access finance. Tributes have been paid to Business Link. A new portal, Business in You, sets out a number of schemes that are available. There are 851 of them. My advice to Government would be that it is a great idea, but some guidance is needed because it is quite difficult for a self-employed individual to work out which of those is particularly beneficial.

The real challenge is ensuring that a very small business can find information about the opportunities available. It is the case that 28% of micro-businesses are not online, so we need to make the information available in libraries and to encourage the chambers of commerce and the local enterprise partnerships to play a role in disseminating that information. Without that, we will not secure the change that we need.

There was mention of the Government schemes to support access to debt, equity and guarantees. Most of those schemes are aimed at the whole remit of the SME community, which takes us up to 250 employees. The banks, who are usually the people delivering the schemes, will go for the easy wins because they are in business to make money, and the easy wins are the bigger businesses with good business plans and a good track record. The Government need to ring-fence—perhaps they will do this with their credit-easing proposals—a pot specifically for the self-employed, recognising that they are looking for smaller pots of money and do not have well developed business plans.

Perhaps the best initiative has been the growth of the community development finance initiative. The Fredericks Foundation should be recognised for the work that it has done to provide loans to those businesses that cannot find money anywhere also. I also pay tribute to the Government for considering making credit unions able to lend to small businesses, rather than just making loans to individual people. In addition, the Virgin Media pioneers proposal to enable those wanting to set up a business to be given financing at the same rate as applies to a student loan is definitely to be welcomed.

I pay tribute to my hon. Friend the Member for Watford (Richard Harrington), who initiated the debate. He is absolutely right to say that culture change is the key. In the November report of the all-party parliamentary group for micro-businesses—I have to declare an interest here because I chair that group—the research that was supported by the London Business School, Lancaster university, Imperial and Manchester Metropolitan indicated that we needed an education change, not just at university level but at primary and secondary level. We need to consider how to inculcate the idea that setting up a business is a good, valuable and genuine alternative.

I am delighted with the Government's support for the National Association of College and University Entrepreneurship, which has put in £500,000 to support the establishment of entrepreneur groups in universities across the country. It has succeeded in establishing groups in about three quarters of the universities across the country. It is now looking at colleges.

Finally, we need to enable the self-employed who are setting up small businesses to have bottom-up mentoring support. Although there is a Government scheme to create 40,000 mentors, a scheme that will require the banks to mentor those who get refused loans and the "mentors me" website, which is great, it is still not enough and we need to consider bottom-up volunteering, and, as has been suggested by the Virgin Group, we need local chambers of commerce and others to take some responsibility as well.

I look forward to hearing the Minister's reply. I hope that I have not taken up too much time and I welcome the changed agenda that this debate heralds.

Several hon. Members *rose—*

Mr Gary Streeter (in the Chair): Let me remind colleagues that wind-ups begin at 12.10. Let us try to get in three more colleagues.

12.1 pm

Nigel Adams (Selby and Ainsty) (Con): Government should, of course, try to make it easier for entrepreneurs to start businesses. Like my hon. Friend the Member for Newton Abbot (Anne Marie Morris), I welcome the reintroduction of the enterprise allowance scheme, which enabled me to kick off my business in the early '90s. I learned last night that in India, thanks to advances in technology, it is possible to incorporate a firm in 24 hours, which we cannot do here. We also need an increase in the availability of start-up loans. Banks should get better at providing some of the money that they were bailed out with.

In the spirit shown to my hon. Friend the Member for Enfield North (Nick de Bois), perhaps the Minister will consider this idea. Graduates who start businesses and then employ people should be eligible for university fee debt relief—well, that clearly went down well in the Chamber. I appreciate my colleagues' support!

Starting a business should not be an ambition exclusively for young people. Many successful entrepreneurs become self-employed later in life after a successful career. They may be interested in helping others make money or they may become self-employed out of necessity or because of redundancy.

Advances in technology have led to an explosion of people working from home. As such an approach has advantages for family life, I urge the Government to continue their efforts in ensuring that every part of the UK gets access to superfast broadband.

If there is one thing that entrepreneurs know, it is that waiting for Parliament to act will get them nowhere. Entrepreneurs do not wait around for help; they take

[Nigel Adams]

action. Although business people cannot do anything about clearing university fee debt or increasing the availability of start-up capital, which is down to the banks and venture capitalists, one obstacle they can help young people and anybody wanting to start a business overcome is lack of knowledge.

I am encouraged by the Government's plans to set up a network of experienced mentors. For too long, business advice has been doled out by well meaning people who invariably have never run a business. Recently, I met some careers advisers who had hardly ever spoken to local employers.

I am pleased to say that via the excellent local business accelerators programme, which was set up by the Newspaper Society and backed by the Prime Minister and that excellent newspaper *The Selby Times*, I shall be providing mentoring to a local Selby business called LRB Trophies run by the Butler family. The company was born out of adversity, but it will hopefully go on to great things.

Andrew Bingham (High Peak) (Con): Is my hon. Friend aware that the Prince's Trust also runs a business mentoring scheme? I was a business mentor for the Trust, which helps young people to start businesses. Again, such organisations are really helpful for young people.

Nigel Adams: I am aware of that, and I am pleased that my hon. Friend is involved in such a scheme. It is crucial that people get to speak to those who have been at the coal face. There is nothing like real world experience to help people with small businesses.

The Government should say to existing business people with an interest in encouraging the next generation of entrepreneurs, "If you know anyone who is interested in entrepreneurship, be their mentor. Check out the excellent apprenticeship programmes at your local college and hire some apprentices. If you have kids of your own, involve them in your business at an early stage and show them that entrepreneurship is a viable option for them. Let anyone you come across know about the benefits and thrill of being their own boss."

Finally, we should be celebrating entrepreneurs and the wealth creators and not demonising them. There is nothing wrong with success and there is nothing wrong with those who fail while trying to succeed. Those who put everything on the line to grow businesses, to create jobs and to pay the taxes that pay for the public sector and our services should be applauded and supported.

Several hon. Members *rose—*

Mr Gary Streeter (in the Chair): George Hollingbery followed by Marcus Jones. Mr Jones will be the last speaker.

12.5 pm

George Hollingbery (Meon Valley) (Con): I am very grateful to you, Mr Streeter, and I shall be very brief.

I shall mention two things that the Government have put in place. The first is universal credit, which is coming through as part of the Welfare Reform Bill. The 65% taper takes away the 16-hour-a-week cliff edge, which is incredibly important. Those who are unemployed and who are looking to start their own business from their own homes now have an incentive to look forward to the future. I am talking about them having not just a limited income but a proper business run for the long term. They can now go through that 16-hour barrier and not see some of their benefits disappear. That has a beneficial effect for those bosses who would employ such people in, say, restaurants, bars or whatever. They can invest in the training of such employees and expect them to remain full-term employees for the long term. That has to be a good thing both for the employer, who is generally self-employed, and the employees.

The second area is planning. Hon. Members who know me well will not be surprised to hear that I am going to bore them slightly on planning. They may ask, "How can that possibly relate to self-employed businesses?" Let me say very straightforwardly that I chaired a conference on that matter last Thursday. We talked about neighbourhood planning. It is now entirely within the remit of small businesses, especially rural ones, to petition for the go-ahead of neighbourhood development plans that take a real account of what local businesses need, particularly in regard to converting farm buildings and using redundant rural buildings for accommodation. I urge all hon. Members to make it plain to their constituents that there is a real opportunity for small businesses here. Small businesses can shape their communities around them and take full account of affordable housing all the way through to the conversion of redundant buildings for their business for the long term. It is a huge opportunity, and one that they should all take.

Mr Gary Streeter (in the Chair): Marcus Jones, you have three minutes.

12.7 pm

Mr Marcus Jones (Nuneaton) (Con): I will try to use that time wisely, Mr Streeter.

Many people often have a rosy view of self-employment. They think of afternoons spent on the golf course, corporate boxes at cricket matches, sloping off early and the large financial rewards that come with all that. In reality that is not the case. The hon. Members in this Chamber who have run their own businesses know that running a small business involves hard graft and long hours. That is particularly the case to start with, when there are often few rewards and plenty of stress. My hon. Friend the Member for Watford (Richard Harrington) hit the nail on the head earlier when he mentioned taking on people and the fact that for small businesses it is about not only employing people and the difficulties that come with that but being in a situation in which people are dependent on them for their living and their livelihoods.

As I have so little time, I will focus on the issue of risk and reward, particularly in relation to taxation. I will then specifically focus on the relationship between people who operate very small and micro-businesses and those who then expand those businesses so that they can take on people to grow our economy. When I looked on Wikipedia, it said that taxation may well be higher for someone starting a small business than for someone who is actually employed. We must ensure that we allow people to expand those businesses. One example that I

want to bring to the Minster's attention is that of a hairdresser who may go from renting a chair in an existing business to taking on their own premises, if they were so incentivised. A VAT threshold of £73,000 could cause a problem with incentivising people. That is one micro-example, but we need to consider taxation in the round and think about how it affects micro-businesses and small businesses in comparison with medium-sized enterprises and larger businesses to ensure that the Government create an enterprise culture, which was sadly lacking under the previous Government.

12.10 pm

Toby Perkins (Chesterfield) (Lab): It is a great pleasure to speak under your chairmanship, Mr Streeter, even if only for 10 minutes. It has been an excellent debate and I congratulate the hon. Member for Watford (Richard Harrington) on obtaining it and on his speech.

Like some other hon. Members, I have run my own business—twice: the first time was at the back end of the last century, when I set up an IT recruitment firm; subsequently in 2005 I launched a rugby product business, Club Rugby, which I continued to run until I was elected. As someone who has been on that journey twice, I know very well the different motivations for heading towards self-employment. In my case, it was inspiration on one occasion and desperation on another. In fact, many great businesses have been created from fledgling inspirations caused by the desperation of those trying to feed a family and keep a roof over their heads in tough times. Certainly, some will still thrive in these most desperate of times. However, the fact that some will still come through, and that the strongest may still thrive and survive, is not a reason for the Government not to do everything in their power to support people in all walks of life and all parts of the country to take that first brave step and put their name above the door.

One of the lessons of the recent past is that we must create an environment that gives the greatest number of new business people an opportunity to be a successful business owner. Why would any Government not want to do that? Therefore I particularly welcome a debate in which the hon. Member for Watford expressed his frustration at what he sees as the unglamorous image of running a business in Britain today. Of course, he is right to say that we all—politicians, school teachers, careers advisers, business leaders, media figures and trade union leaders—have a responsibility to promote the vital importance of new start-ups and small businesses in creating the growth we need to get the economy moving again. For that reason I welcome television programmes such as "The Apprentice" and "Dragons' Den", which for all their flaws at least tend to get young people to see business in a sexier light.

Justin Tomlinson (North Swindon) (Con): Will the hon. Gentleman give way?

Toby Perkins: I am afraid that there is not time, if I am going to leave time for the Minister.

"The Apprentice" in particular also has a welcome focus on the importance of sales techniques and ability, which is a vital and intrinsic part of business success, which the nation has neglected for too long, and which I want to promote through the Labour party's policy review. I started my first job in sales at the age of 17. The old adage that until someone sells something in a business nothing happens has never been truer than it is today. As part of the Labour policy review programme Nigel Doughty, a tremendously successful business investor, is chairing our small business task force. Within that policy review process, he hosted a session on high-growth businesses. There were many contributors to that session from across the business spectrum, but one of the key defining facts revealed during it was that about 7% of all businesses will go on to become high-growth firms, irrespective of market sector or geographical location. The key to getting more high-growth firms coming out of the bottom of the funnel is to get more going into the top.

Of course, we have been here before. Starting in 1997, Labour's new deal programme was the most successful back-to-work programme in British history. The self-employment programme was the most successful part of it. Some 70% of the people who started on it went into business, and 81% of those businesses were still trading three years later. Moreover, they were employing, on average, an extra 1.6 people each, meaning that for every 100 people who started on the programme, 112 were employed three years later as a result. That may be the first and only back-to-work programme ever to have a greater than 100% success rate.

The key features of the success of that programme that are not being duplicated by the current Government's back-to-work programme are the special provision with a ring-fenced pot of new deal money specifically for the self-employment option and the financial cushion in the early stages of self-employment, which was so important in giving new business people an opportunity to test trading as a viable career option. In that context, the void in face-to-face business advice left in the absence of Business Link is deeply worrying.

It is a key aim of the Government to encourage the unemployed to look towards self-employment as a viable career option, and we entirely support them in that general aspiration. However, we must also be aware of the dangers of false self-employment. Bogus self-employment has rocketed in the past decade, particularly in the construction industry. Workers are often told that they will be taken on only if they agree to declare themselves self-employed, thus giving up hard-won employee entitlements such as national insurance contributions, and sick and holiday pay. Recognition of the unique challenges that the unemployed face in setting up new firms or becoming sole traders must lead to specific actions to support them into self-employment. The unemployed are less likely to have the cash to enable them to set up in business, and less likely to be able to borrow money towards start-up costs. They are likely to be less able to cope with the early cash flow shortages that are often inevitable for fledgling businesses.

As a Member of Parliament, I am a publicly employed representative of the people, who earns about £64,000 a year. Yet if I decide to write an article, provide advice or even take on a directorship to provide me with extra income, I am legally entitled to do so. However, if an unemployed person on £65 a week wants to see whether they can make a go of a business as a painter or hairdresser and does a few jobs before coming off benefits, they are committing a criminal offence. In the new deal, there was an opportunity to recognise the fact

[Toby Perkins]

that the informal economy plays an important part in helping people to move from unemployment to self-employment.

On the new deal programme, the test trading aspect entitled people who were unemployed to enter the world of self-employment with a six-month financial cushion between leaving benefits and setting up. Subsequently the tax credit system replaced that financial cushion. Originally there was hope that the universal credit would also be an effective tool. However, as it is currently structured it works on the narrow basis of a set number of hours and set earnings, which does not fit easily with the self-employment model. Under Labour's policy review, we are investigating an enterprise credit that would recognise the flexibility of income derived from self-employment and replace that all-important cushion to give new start-ups the security that they need.

I want to touch on a couple of speeches by other hon. Members. The hon. Member for Watford talked about the sleepless nights that often come with running one's own business—and, indeed, we are led to believe, with being a Conservative Member of Parliament. He expanded on his wife's role and the lack of help that she provides him with on those occasions, which she may wish to discuss with him at a future date. He also talked about children who want to go into fields such as advertising or marketing, but who do not see setting up their own business as a viable or exciting option. He rightly mentioned the huge social value in setting up a business and going on to provide employment to other members of the community.

The hon. Member for Wyre Forest (Mark Garnier) supported Labour's policy on a national insurance holiday for micro-businesses that take on a new member of staff. He was also right behind us on pushing the Government to take forward the late payments directive. We thank him for that support. I hope that he will be successful in persuading other hon. Members to be equally enlightened.

The hon. Member for Newton Abbot (Anne Marie Morris) shared my concern that the "mentors me" website may not provide enough support for new businesses, and she expressed the importance of that. The hon. Member for Selby and Ainsty (Nigel Adams) said how important it is to celebrate entrepreneurship and highlight people's success. The hon. Members for Nuneaton (Mr Jones) and for Meon Valley (George Hollingbery) warned us not to give a sugar-coated view of the ease of running a business. In doing that, however, I feel that the hon. Member for Nuneaton added to the myth that Britain has a particularly difficult regulatory system. The reality discovered by the World Bank is that Britain is the easiest place to set up a new business anywhere in the EU and the fourth easiest place in the world. It is important that hon. Members speak up for all the positive aspects of running one's own business and do not exaggerate the difficulties.

There is a broader context to the discussion. When the Government have choked off the recovery with their anti-growth policies, they cannot seriously expect the private sector to provide the growth that we so desperately need. That is why we have put growth at the heart of our five-point plan and why we called for a temporary cut in VAT; it is why we supported the call by the Federation of Small Businesses for a cut to a rate of 5% for VAT on home improvements; and it is why we are calling for a national insurance holiday for micro-businesses to boost employment at small firms.

People want more than gimmicks from Government. They want a genuine programme for growth. Where the Government deliver that, they will have our support. We recognise the vital role that self-employment can play in delivering growth, creating jobs, reducing unemployment and, most of all, giving people back their pride and their sense of belief. They need have no doubt whatever about Labour's commitment. After all, we got Britain working for itself before.

12.20 pm

The Minister for Further Education, Skills and Lifelong Learning (Mr John Hayes): It is a pleasure to serve under your chairmanship, Mr Streeter, and to speak in this important debate, to which there have been many valuable contributions. I do not want to be excessively partisan—as you know, I regard it as vulgar—but it is noticeable that this debate has been dominated by my party, the party of business. It must be slightly disappointing for the shadow Minister that he has been so poorly served by his own Back Benches. There is almost no one here to support his—I was going to say oratory, but I do not want to overstate the case.

Ezra Pound, the great poet, said that genius is the capacity to see 10 things where an ordinary man sees only one, so I shall try to make 10 points in response to what has been said in this debate. Education was mentioned in the introductory remarks of my hon. Friend the Member for Watford (Richard Harrington), whom I congratulate on securing this debate. He led it with style and acumen, making a strong point about the importance of education, of ensuring that young people are imbued with a sense of enterprise, which permeated several Members' contributions, and of countering the prevailing prejudice against business.

Justin Tomlinson: Will the Minister give way?

Mr Hayes: No, will not, because of time. Forgive me. Chesterton said that those who were impatient enough to interrupt the words of others seldom have the patience to think of good words themselves. I put on record that that is not true of my hon. Friend, but just in case, I will not give way.

My hon. Friend the Member for Selby and Ainsty (Nigel Adams) spoke about the importance of finance. My hon. Friend the Member for Nuneaton (Mr Jones) discussed enterprise and small business, and what a champion he is for the small businesses of Britain. My hon. Friend the Member for Wyre Forest (Mark Garnier) spoke about tax and the importance of having the right tax regime. My hon. Friend the Member for Maidstone and The Weald (Mrs Grant), who is no longer in her place, made a useful contribution on information about careers. My hon. Friend the Member for Montgomeryshire (Glyn Davies) made a point about the disproportionate effect of regulation on very small businesses. My hon. Friend the Member for Selby and Ainsty also mentioned skills, my hon. Friend the Member for Newton Abbot (Anne Marie Morris) mentioned mentoring and my hon. Friend the Member for Meon Valley (George Hollingbery) discussed the communal value of business.

I think that I have covered most of hon. Members' contributions. If I have not, I apologise. They were all immensely valuable, and are valued by the Government.

It is important to recognise the critical role that small business in particular plays in our economy. As an expert on these matters, Mr Streeter, you will know that small and medium-size enterprises are a crucial engine for growth and are critical to our national economic success in every sector. Together, they are responsible for almost half the private sector's £900 billion output and 60% of private sector jobs. Since 2000, the 31% increase in businesses has been driven entirely by SMEs. Small business is the backbone of our nation and the driver of innovation. It is the embodiment of enterprise, because it is in start-up businesses that ideas have their genesis and subsequently germinate. Every business starts as a small business.

Politely—almost flatteringly—several Members referred to my own business career. I was lucky in business. All success in business is a combination of good luck and good judgment. I entered the IT industry when it was growing; what a great place it was to be in the 1980s. I learned there that politicians must be sensitive to the needs of business. They particularly need to understand that by and large, businesses want politicians to get off their back and on their side. The Government play their part through regulation, the tax system, information, support and pump-priming, but they must step back to let business thrive.

Having said that, I will mention the 10 things that Government can do, in the six minutes available to me. First, we are focusing on education. We are establishing an enterprise village website, which we will develop further, enabling teachers to access free online resources to assist them in developing school businesses. Secondly, on the "inspiring the future" website, we have made more information available about business and business education to at least 2,500 local enterprise champions and role models.

Thirdly, the National Association of College and University Entrepreneurs, which was mentioned in the debate, is building sustainable national infrastructure to develop and drive forward student enterprise societies across higher education institutions and further education colleges. I expect about 90 universities and 160 FE colleges to be involved in that initiative. Fourthly, reducing the small profits rate from 21% to 20% from April 2011 and reversing the previous Administration's plans to raise the rate to 22% will undoubtedly help business.

Fifthly, we have increased the national insurance contributions threshold for all employers by £21 a week above indexation from April 2011, reversing the previous Government's plan, which I think the hon. Member for Chesterfield (Toby Perkins) failed to mention because he is embarrassed about it. He is a decent and honest man, so I can understand his embarrassment, and I will not dwell on it further.

Toby Perkins: Will the Minister give way?

Mr Hayes: No, I cannot, because of time.

Sixthly, the Government also know that ensuring the flow of credit to viable small businesses is essential and a core priority for the Government. We want to ensure that the financial sector can supply the affordable credit that businesses need, and we would like to see more sources of credit and finance. I accept that banks have a role, but other organisations need to play their part too.

Seventhly, in April, we will launch a new seed enterprise investment scheme to encourage investment in new start-up companies. Eighthly, at the same time, we are launching two new Business Link services with an additional investment of £1.2 million and a new initiative to recruit and train 15,000 volunteer business mentors, which numerous people have welcomed during the debate.

Ninthly, as I am sure you know, Mr Streeter, the Government have placed great emphasis on start-up Britain. This is the year of enterprise. We want everyone to know what is happening in the UK, to promote enterprise and to give young people who wish to set up a business access to diverse sources of finance. We want to support SMEs with improved information and streamline the process by which they and others can get the knowledge and information that they require to set up their business.

Tenthly, the introduction of a national loan guarantee scheme to help businesses raise funds from non-bank sources, the £1 billion finance partnership to invest in medium-sized businesses and SMEs, the continuation of the enterprise finance guarantee scheme, a new export enterprise finance guarantee scheme, the continuation of the Government's enterprise capital funds programme and, of course, the encouragement of the business angels scheme that we established will give businesses the boost that they need.

What has been repeated in speeches throughout this debate is that we need to change the culture to one that recognises that business has not only a communal role in delivering the growth that we need to prosper but also a vital role in enabling many of our citizens to achieve their potential to be the best they can be and, through that role, to create jobs and growth, seeding recovery in every community in Britain. The problem in Britain is not that none of that exists; far from it. We know from our constituencies and our personal business experience that that spirit exists. The problem is creating circumstances that allow it to thrive.

In those terms, the contrast between this Government and the last is profound. There is no doubt that the last Government were starry-eyed about the glitz and glamour of money, but it is clear that they were blind to the needs of small business and enterprise in particular. I hope that there has been a change, as the hon. Member for Chesterfield said. My hope is that we can understand throughout the House that business is virtuous, because it builds jobs, sustains growth and fuels healthy communities. My business is the promotion of growth, and my mission is the pursuit of the common good. It is clear that in that mission, I have the support of many colleagues in my party and throughout the House who share my enthusiasm for British business and my determination that business will prosper under this Government.

084 Telephone Numbers (NHS)

12.30 pm

Mr Bob Ainsworth (Coventry North East) (Lab): Thank you very much, Mr Streeter, for presiding over my debate.

In 2008, in response to a consultation, the Department of Health concluded that for some individuals on low incomes and unable to access a fixed line, the use of NHS 084 telephone numbers constituted a significant proportion of their weekly income. In April 2010, as a result of that conclusion, the Department amended the general medical service contract and the personal medical service agreements for GP practices to ensure that

"persons will not pay more to make relevant calls to the practice than they would to make equivalent calls to a geographical number."

GP practices were given until April 2011 to comply with the amended terms, but unfortunately, now, nine months after the deadline, Which? and other organisations estimate that 13% of surgeries in England continue to use 084 or 085 numbers that cost more than the equivalent geographical call.

One might think that as the amendment was made at the end of the previous Labour Government and we now have a new Conservative-led coalition, there would have been a change of policy, but that is denied. The Under-Secretary of State for Health, the hon. Member for Guildford (Anne Milton) said, on 12 July:

"It is absolutely clear that there is no distinction between landlines, mobiles or payphones. The directions are very clear that patients should not expect to be charged any more."—[*Official Report*, 12 July 2011; Vol. 531, c. 150.]

So we can only conclude that 13% or thereabouts of GPs, including at the Crossley practice, which serves a deprived part of my constituency, and at least one other service in Coventry, are in breach of their own contracts, which were agreed by the previous Government and are supported by the current one. We have to ask why they are being allowed to continue to do that.

Mr Geoffrey Robinson (Coventry North West) (Lab): Will my right hon. Friend give way?

Mr Ainsworth: If my hon. Friend can wait, I will try to give way later. A number of Members want to intervene.

The GPs argue that they have entered into contracts that give them enhanced telephony solutions, and that they cannot get out of them. That is the kind of thing that they say to justify their non-compliance, but none of it is true. All the arguments are flawed, and there is the simple solution of migrating to an 034 number, which provides the same supposedly enhanced telephony services. As an aside, I will say that what we mean by such services is call queuing and call diversion options. When in the middle ages people fell foul of the inquisition, they were shown the instruments of torture but not made to pay for them, but people are now being made to pay for these supposedly enhanced telephony solutions.

The Minister of State, Department of Health (Mr Simon Burns): Will the right hon. Gentleman give way?

Mr Ainsworth: If the Minister does not mind, a number of Members want to intervene, and he will have an opportunity to respond in a moment.

The people affected are disproportionately the more deprived members of our community. It is no longer the case that people who use mobile phones are among the better-off. That might have been the case once upon a time, a generation or so ago, but there is proven evidence that people who do not have access to a fixed line and therefore depend on a mobile phone are disproportionately from the poorer sectors of society. The other people who are disproportionately affected by the excessive charges are those who are concerned about the cost of their fixed lines and have therefore entered into contract agreements that charge for the use of the access numbers for GP surgeries because they do not fall under the contracts. How can we can allow GPs to continue to flout their contracts? Why are we not effectively enforcing them?

At the moment, the Minister is trying to convey to the House that the NHS will not be made unaccountable through his health Bill, and it would really help his argument if he made an effort to show that he is prepared to make the NHS accountable, as it currently is. I would therefore like to know what he intends to do about this. I want him to issue new Department of Health guidance that makes it clear to the GPs who are effectively trying to deny it that the use of such telephone numbers is in breach of their contract and that they must comply without further delay and migrate to an 03 number or provide a landline equivalent. He must not take no for an answer.

I wonder whether all the changes that the Minister is imposing upon the NHS are affecting PCTs' ability to enforce what they are supposed to be enforcing. I want him to ensure that PCTs, to which he appears to have passed the buck of responsibility for this, enforce compliance by GPs. GPs must stop evading their responsibilities, under the very principles of the NHS, to enable people to access services without enhanced costs.

Mr Jim Cunningham (Coventry South) (Lab): Has my right hon. Friend been able to measure the profit being made from the poorer members of society, who are most likely to need the services? That might be difficult; it might be a question for the Minister. Less well-off patients are clearly being exploited, so does he have any idea how much they are being exploited by?

Mr Ainsworth: The GPs will deny that there is any profit and will say that they provide an enhanced service for which the customers pay. But if there is profit in the partnership at the end of the year, it returns to the doctor, so potentially there is a profit, and that would clearly be in breach of the contract. People could be provided with access to their GP services without any enhanced charges, but GPs, because they have chosen to enter into the contracts, are passing the costs on to their patients.

Mr Andrew Smith (Oxford East) (Lab): I congratulate my right hon. Friend on securing this important debate, on an issue that my constituents, in Risinghurst in particular, have raised with me. I commend his suggestion to the Minister that renewed guidance be issued. Could the Department not send out with it a legally watertight

template letter that any GP practice that is genuinely worried about its legal status regarding its present contract could use, to change to the cheaper alternatives that he has mentioned?

Mr Ainsworth: That is a good idea. If the Minister communicates with GPs again, he should do so in the strongest of terms, because it is clear that well over 10%—the estimated figure is 13%—of GPs have totally ignored the Department of Health to date. They are determined to continue not to pick up the costs of the systems that they have put in place and to pass them on.

Jim Shannon (Strangford) (DUP): I am grateful to the right hon. Gentleman for bringing this critical issue to the House's attention. Many of my constituents do not have landlines, but they have mobiles, the costs of which are extreme. A call to a doctor can cost £4, and some of my constituents' tariffs have run out while they were on the phone. Does the right hon. Gentleman agree that it is time to return to a landline number rather than an 084 number?

Mr Ainsworth: The 03 number would give people an opportunity to use the system for no enhanced charge, and the GP should, if they are not prepared to migrate to an 03 number, provide a landline alternative. Since I first raised this issue, most of the people who have contacted me have been pensioners. They have told me that they have contracts with their telephone provider and have found that, at the end of the quarter, the charges under discussion are additional to the contract and therefore to their bill. People who use mobile phones are probably not as ready to contact a Member of Parliament, or do not listen as closely as pensioners to such debates. People who use mobile phones—overwhelmingly poorer people—are being charged extortionately for access.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): This is a very important issue, because it affects all parts of the UK. A much smaller percentage of people in Scotland are affected by 084 numbers, but more than half of them are in the Grampian health board region. I am concerned, because although I share the right hon. Gentleman's sentiments on the difficulties faced by people in lower income groups in relation to 084 numbers, if we secure a ban on them, how will we prevent the goalposts from shifting and another revenue-sharing number from taking their place?

Mr Ainsworth: We can do that only if the Department of Health is determined, right up to ministerial level, to enforce the contract. The terms of the contract are clear, as I hope the Minister will say when he responds. No one should pay enhanced charges to access their GP.

Mr Simon Burns *indicated assent.*

Mr Ainsworth: The Minister is nodding. Let us hope that he says that and that, for heaven's sake, we do not have non-Government and that, having made a decision, they make sure that it is complied with across the board. I look forward to hearing the Minister's response.

12.44 pm

The Minister of State, Department of Health (Mr Simon Burns): I congratulate the right hon. Member for Coventry North East (Mr Ainsworth) on securing this debate on the use of 084 telephone numbers in the NHS. The Government's position is extremely clear—when patients contact their GP or anyone else in the NHS, they should not be charged more than they would be to call their next-door neighbour's landline. Those are the rules. That is why we have retained the previous Government's directions, published in December 2009, and regulations, passed in April 2010, which make it a contractual requirement for GP surgeries to ensure that that is the case.

Under the directions and the amendments to the general medical services and primary medical services regulations, it became compulsory for GP practices and NHS bodies to review how much it cost patients to call them. If they found that patients were being charged more than a standard local landline call, they had one year to take all reasonable steps, which could include varying the terms of their telephony contract, cancelling the contract, or offering an alternative number to call, such as an 03 number, which charges callers at a local rate. GP practices should not, in any case, enter into, extend or renew their contracts with their telephone supplier if patients are being charged more than a local call.

This legislation was the result of a lengthy consultation by the Department in 2009, to which there were about 3,000 responses. The vast majority agreed that patients should not be charged additional costs to contact their GP. However, many also valued the enhanced services they receive when calling their GP, such as queuing and additional booking options, but we are clear that that should not cost patients any more than a local landline call.

Mr Andrew Smith: Will the Minister give way?

Mr Burns: I will not at the moment, because I do not have much time to answer all the points raised by the right hon. Member for Coventry North East. *[Interruption.]* I might give way in a moment, although hon. Members should remember that the right hon. Gentleman did not give way to me either.

We must also be clear that the additional services can also be offered on other number ranges—such as 01, 02 and 03—and GP practices should feel able to choose the number that is most suitable for their patients, provided that it does not cost them any more to call.

Many people ask why we do not simply ban 084 numbers outright. I fear that that would not solve the real problem, which is that some patients continue to be, or believe that they are being, charged too much to contact their GP.

Mr Andrew Smith: Given that the Minister has said that practices should not charge more than the cost of a landline call to a neighbour, if a patient can demonstrate from their bill that they have been so charged, will they be able to get the money back, and how would they go about that?

Mr Burns: The right hon. Gentleman has anticipated something that I will deal with shortly, namely the 1,300 GP practices mentioned by his right hon. Friend the Member for Coventry North East that have allegedly been abusing the system.

[Mr Simon Burns]

As I have said, I fear that banning 084 numbers would not be the panacea that Opposition Members might believe it to be. The Department, to its credit, banned the use of premium-rate telephone numbers beginning 087 and 09 in 2005, but new number ranges with additional costs began to appear. Although it seems to be a simple solution, I do not think that it will be over the medium and longer term, because people will seek to avoid it. That is why it is crucial that the previous Government rightly sought to tackle the problem at source and why we have continued the policy that they introduced in the dying days of their regime. The 2010 regulations make it clear that patients must not be charged more to contact their GP than they would be if they called a local number.

Since the rules came into force, I understand that there has been confusion in the NHS about what the regulations and the directions include. I am grateful for this opportunity to clarify some of those misconceptions in the NHS and elsewhere. There have been claims that mobile phones are not covered by the 2010 regulations, but that is not true. The regulations cover landlines, mobiles and payphones equally. The legislation is absolutely clear that if a person calls a GP surgery with an 084 number from a mobile, landline or payphone, they should not pay more than they would if they called a local landline number from the same phone.

That is very important, because more and more people now use mobile phones as their primary form of communication, as has been mentioned by the right hon. Member for Coventry North East. That is particularly true of the less well-off—the right hon. Gentleman also made this point—where 25% of households only have access to mobile phones, and for young people, where a third of people under 25 only use mobile phones for communications purposes. In 2011, for the first time, the majority of call minutes originated from mobile phones.

Questions have also been raised about how a patient can challenge their GP practice or PCT if they believe that they are being charged more than the cost of an equivalent local call. Any action taken should be on the basis of robust evidence. GP practices and their PCTs should look at evidence of call costs to determine whether their patients are being charged more than they should be. Such evidence could include cost-per-call information from providers, such as O2, Vodafone and BT. A suitable sample should be considered, bearing in mind the different contracts that patients can choose to sign up to.

A practice can also look at cost-per-call information that is provided by patients. Using that information, it would be possible to compare directly the cost of calling a GP practice's 084 number with the cost of calling a local land-line number. If the evidence suggests that using a specific number is not costing patients more than it should, the GP practice should be free to continue using 084 numbers. If patients are being charged more than they should be, they should take the steps that I have already mentioned to rectify the situation.

Mr Ainsworth: Although I welcome a lot of what the Minister has said, I am not at all sure that we can afford to leave this problem to the individual. There is deference towards doctors and people are loth to offend or upset their doctor. The Department and the local PCT must be prepared to take action to ensure compliance, and they should not expect individual patients to do so.

Mr Burns: The right hon. Gentleman anticipates a point that I was about to make. As a preface to that point, however, I must say that patients can be extremely helpful in providing evidence that can help to prove if this practice of overcharging, which is in defiance of the regulations and directions, is going on.

I now come on to the point that the right hon. Gentleman made about the figure that is in the public domain and that is used a lot, namely that there are 1,300 GP practices that are—in effect—defying the regulations and charging patients more than they should. I have made inquiries and I can find no evidence to support that figure. People say that there are 1,300 GP practices that charge more than they should; what they do not say is which practices they are, and they do not provide the robust proof that overcharging is happening.

I say to the right hon. Gentleman, and to anyone else who has an interest in this important subject, "Please send us the evidence", because we cannot find concrete evidence that overcharging is going on. If it is going on, we want to see the evidence and we want to see which GP practices are engaged in it, so that the PCTs, which enforce these regulations, can take action. I assure the right hon. Gentleman that if we get the evidence and if it is proven that overcharging is happening, the PCTs and—after the modernisation of the NHS—the NHS Commissioning Board, which will have responsibility in this area, will also vigorously pursue the matter because, like his Government, we believe that such overcharging is unacceptable.

However, I must reiterate that we need the evidence. We do not need anecdote or the "friend of a friend", who has said this or that. We need precise, concrete evidence, to be able to pursue this matter.

As I have said, PCTs are currently responsible for ensuring that GP practices meet the terms of their contracts, including ensuring compliance with these regulations. The Department will soon clarify the existing guidance, which I hope will help GP practices and PCTs to understand this issue more fully and to dispel some of the myths and misunderstandings about the use of 084 numbers.

This Government are committed to creating a patient-focused NHS, as the right hon. Gentleman said we were planning to do; I can confirm that he was accurate when he said that. One of the key elements of that process is ensuring that patients find it easy to access the services they need, when they need them. Using an 084 number can help a GP practice to offer additional services that improve patients' access to care. It is right that GPs remain responsible for their own access arrangements, including their telephone number, opening hours and booking arrangements. Those arrangements will be different for different practices, and the ability of GPs to be locally responsive is something that we know patients value. Primary care is the cornerstone of the NHS. Around 90% of patient contact with the NHS takes place in a primary care setting, with around 300 million consultations per year, so it is essential that patients can easily access care, and have a choice about how to do so.

One way that we are improving access to care is through the roll-out of the NHS 111 service, which will be available to everyone in England by April 2013. That service will give the public a phone number that is easy to remember and free to call when they need help urgently but do not know where to turn. Callers will be quickly assessed, and sent to the right service on the first point of contact. The primary aim of NHS 111 is to ensure that patients get to the right service, and quickly, at any time of the day or night. In most areas, patients can also expect to be able to see their out-of-hours GP through NHS 111, which will simplify how patients access NHS services and improve patient experiences.

NHS 111 will replace NHS Direct's 0845 4647 service, which obviously uses an 084 number. NHS Direct was exempted by the last Government from the directions and regulations, and rightly so. That is because the Department had already begun considering plans to implement NHS 111, and it would have been confusing to the public to change NHS Direct's number shortly before introducing a new number for patients to call that will be free to the user.

By April 2013, there will be a simple system in place, whereby patients can access care quickly and easily. If there is an emergency they should dial 999, but if people do not know where to go they should dial 111, and otherwise they should continue to use their GP as usual.

I give an assurance that we take these directions and regulations very seriously indeed. We expect them to be adhered to and obeyed. I can assure Opposition Members who raised this issue that PCTs carefully monitor the situation to ensure that, when there are complaints about 084 numbers, GP practices are adhering to the regulations and not costing patients more than they should. The PCTs vigorously enforce the regulations. I also reconfirm that we are issuing clarification guidance to GPs, which I hope addresses another point that the right hon. Gentleman made.

I cannot emphasise strongly enough, however, that despite the numbers that are bandied around—as I said earlier, 1,300 is the number that is most commonly used to describe the number of GP practices that are not adhering to the regulations—we cannot find any evidence to establish the accuracy of that figure. Nevertheless, we are anxious that the regulations are enforced. So, if there is any concrete information, proof or evidence that GPs are abusing the system and not abiding by the regulations, it is important that that it is provided to the PCT, which acts as the enforcement officer. If the right hon. Gentleman himself has concrete evidence—following the research that he has conducted to secure this debate and then take part in it—and wants to send it to me, I would be more than happy to accept it and I will direct it to the appropriate body, whichever PCT it is, so that the allegation can be investigated.

In conclusion, the use of 084 numbers is controversial but we are very clear that patients should not be charged more than they would be to make an equivalent call to a local number. That is the belief and principle that underlies the policy, one that we are continuing from the last Government's term in office. However, we also believe that we should not restrict the freedom that GPs have to improve access arrangements for their patients, provided that they are complying with the regulations. I hope that this debate has not only clarified the situation but has set a challenge to the right hon. Gentleman and others to provide evidence if they have it or come across it, so that if there are any abuses we can put an end to them.

HMS Affray

1 pm

Tim Farron (Westmorland and Lonsdale) (LD): It is a great pleasure to serve under your chairmanship, Mr Streeter. I am extremely grateful to have the opportunity to raise such an important matter in this Chamber.

HMS Affray was an A-class submarine, which entered service in 1946. She left Gosport harbour at 4.30 pm on 16 April 1951 on a training exercise. She was due to resurface at 10 am the following day, but no signal was received. Within three hours of her failure to report, a major search began, in which the entire home flotilla and many foreign vessels took part. The search was scaled back on the evening of 19 April. Some weeks later, the wreck of the Affray was discovered on the sea bed north of Alderney in the Channel Islands, beneath 260 feet of water.

The tragedy took the lives of 75 men. It is clear that it could easily have been avoided and that those men lost their lives needlessly. The inquiry that took place at the time was a closed inquiry. When its details were made public under the 30-year rule in 1981, it became clear that it had been staggeringly inadequate. In the words of a widow of one of the men lost on the Affray, this was an inquiry of the admirals, by the admirals and for the admirals—it was not for those who died or for those they left behind.

The widow I have just quoted is Mrs June Tower. June is a constituent and, in 1951, she was married to 23-year-old John Treleaven. John was one of 25 trainees among the 75 crew who lost their lives. On 16 April—61 years after the event—June will attend a ceremony on the island of Alderney, where a plaque will be unveiled to commemorate the 75 who died in the Affray tragedy. The event presents the perfect opportunity for our Government to make amends for six decades of obfuscation.

The closed inquiry in 1951 reported to James Callaghan, who was Parliamentary Secretary to the Admiralty. It reported that the loss of the Affray was most likely caused by metal fatigue and faulty welding on the Affray's snort—a long tube added to the vessel in 1950 to act like a large snorkel. When the wreck was discovered, it was reported that the snort had snapped and that the likely cause of the tragedy was the resulting influx of water into the ship.

What was not included in the report to the Minister was the Affray's dubious history, the extraordinary lack of experience among the crew and the fact that the Affray was carrying a significantly larger crew than normal. The mechanical problems that beset the Affray included the fact that her battery flooded without warning during trials, defects she had experienced in a starboard supercharger on her way to Australia and the need for a partial refit when she was in Singapore.

By 1950, the Affray had done 51,000 miles and was not rated highly by seamen who knew her well. Chief Petty Officer David Bennington reported that

"she leaks like a sieve and when doing a deep dive the other day the water poured into the engine room faster than we could keep it out".

He also described an occasion when an engine broke down. After the same exercise, he stated that

"we limped in on one"—

one engine—

"and just as we arrived in the other went...I think that this boat is just about finished."

The snort was fitted in January 1950, but it developed defects very quickly. Mechanic William Day was responsible for raising and lowering the snort, and he detailed a number of defects with the device, adding that

"as soon as we surfaced from snorkelling there was always a lot of water in the engine room".

Lieutenant Commander Blackburn, who captained the Affray and died with his men, told the crew that they would be going on a short, five-day voyage because the Affray was booked to go into dock at the end of those five days due to trouble with her battery.

There is plenty of evidence that the Affray was bordering on unseaworthy, if not actually unseaworthy, and that the Admiralty was well aware of that. The Affray was an unfit vessel. Each of the 75 men who died was talented, dedicated and proud to serve their country, but as a collective unit, they were the wrong crew for the wrong ship—again, something the Admiralty was fully aware of.

The Affray carried 75 crew on that voyage, but she was meant to carry only 61 in peacetime. Even in wartime, which this was not, she was meant to take a crew of only 66. Worse, only 26 of those on board were part of the Affray's regular crew. A further 20 crew members had been moved out of barracks at the last minute to take part in the exercise, due to confusion over Easter leave. There were also four Royal Marines and 25 trainees. Among those trainees was John Treleaven, who, in the words of June, his widow,

"had spent 2 years on HMS vanguard but hadn't a clue about submarines and had never been out in the Affray".

This was, therefore, an unfit submarine, carrying a brave but unsuitable and oversized crew. Yet, the inquiry, which was hushed and rushed, reporting just three and a half months after the tragedy, concluded that the cause of the loss of 75 men was a snapped snort pipe. The snort was no doubt snapped, but was it the cause of the tragedy or the result of an explosion caused by the faulty battery? I have no idea, but the closed inquiry made no serious attempt to look at the issue.

When all is said and done, though, there are two failures for which the Admiralty must take responsibility. One was sending out a vessel with 75 men on board when it was clearly not fit for duty. The second was sending out an ill-prepared, inexperienced crew on such a ship. It is entirely possible that an accident happened that day and that it could have been mitigated had the crew been smaller or more experienced.

One of the other widows, Mary Henry, who was married to First Lieutenant Derek Foster, told June that she had found her husband in the garden on 15 April, the day before the Affray set sail. He was working unusually furiously at his garden, and his wife inquired what was upsetting him. He replied that

"we are taking a gash—or rubbish—crew and they'll all be sick and get in the way, it's dangerous".

June Tower talked to one of the men who was taken off the crew at the last minute due to double booking and the complications over Easter leave. He told June that

"it was incredible that they took those trainees out in the Affray, if there had been an emergency they wouldn't have known what to do"

He added that

"the affray leaked like a sieve, she was always turning turtle but nothing that an experienced crew couldn't deal with".

He explained that the 20 crew who were swapped over at the last minute to allow those in barracks to join the ship were later told by their superiors not to talk about the incident for fear of blackening the Navy's name.

That gives us a clue as to what happened in the hushed and rushed inquiry. Britain was, and remains, rightly proud of her Navy. In 1951, we were in the early and fevered days of the cold war, and out in Korea, it was getting decidedly heated. The foolhardy decision to allow an unfit ship, crewed by the inexperienced and the untrained, to take part in a challenging exercise, which led to such a dreadful tragedy, must have been a matter of huge embarrassment to the Admiralty and the Navy as a whole. The need to present a picture of an invincible Navy must have overridden the need to ensure justice for the families of the dead. However, that was 61 years ago. Do we need to allow those considerations to haunt us today, while June and other relatives are still yearning for answers? I am sure the answer is that we do not, of course, need to allow those considerations to hold us back.

June Tower is an incredible woman. For 61 years she has sought justice for John. Now, she is a widow for a second time. Like the other relatives of those who died, she is delighted by the decision to unveil the plaque to them. She is hugely grateful to the Essex Submariners Association, which has led the work in raising the funds for, and organising, this important memorial. When John died, she was overwhelmed by the gifts of condolence sent to her and the rest of the bereaved families from right across the Commonwealth. Happily, she remarried in December 1954. She married a GP, Julian Tower, with whom she spent more than 50 wonderful years. When she and Dr Tower married, the Affray fund provided her with a generous dowry. She says that she has much to be grateful for and many to be grateful to.

The great shame is that the Navy and the country to whom June's first husband was so dedicated, and for which he gave his life, have acted quite differently. We have had a hushed and rushed inquiry, a lack of truth and no contrition, no admission of fault and no apology. I hope my hon. Friend the Minister agrees that that is a dishonourable position for us to be in. I hope he will do all in his power to put that right.

June is clear that the wreck of the Affray is a grave and that it should remain undisturbed. She does not want it lifting to the surface, and she does not want divers to risk their lives to investigate it, because it lies on the bottom of the English channel. However, there is sufficient evidence above the water for there to be a reinvestigation of the evidence, and I formally ask the Government to do just that. Secondly, June and the other relatives of the crew deserve an apology from the Royal Navy and Her Majesty's Government for the mistakes made in sending out an unfit submarine with an inexperienced crew. Thirdly, I would be grateful if moneys remaining in the Affray fund could be utilised to pay for the maintenance of the bronze plaque on Alderney, so that it will remain a fitting and proud tribute to the 75 who lost their lives.

June wrote a delightful and extremely moving book about her relationship with her husband John, culminating in the Affray tragedy. She wrote the book, "Maritime Mail", because she wanted to provide a memorial for those brave men. The plaque and June's book are tremendous memorials and outstanding tributes to a brave crew who died needlessly. The most important tribute that we can pay them today is to agree that a reinvestigation should take place and that an apology should be made.

1.11 pm

The Minister for the Armed Forces (Nick Harvey): I commend my hon. Friend the Member for Westmorland and Lonsdale (Tim Farron) on raising this important issue through the vehicle of an Adjournment debate. I acknowledge his concerns for his constituent, who lost her first husband in this tragedy. I would, of course, like to pass on my sympathy to her and to all the families and relatives of those who were affected by this loss. I also have a constituent affected by this, Mr Kevin Cook, whose father went down on the Affray in the months before he was born. He has approached me for help with this issue as a constituency MP.

As my hon. Friend explained at the outset of his speech, it is now 50 years after the Affray was lost with all hands. However, what passes as history for many can remain a fresh concern to some, particularly if they feel—as clearly my hon. Friend's constituent does—that there remains unfinished business. We have a duty to ensure that concerns are addressed as fully as they can be and that they are dealt with sensitively, within the bounds of what can reasonably be achieved this far after the event.

Let me set out a little of the background. HMS Affray was an A-class submarine completed in 1946. The class had originally been designed to undertake operations in the far east during the latter part of the second world war. The submarine used diesel-electric power-plant. Diesel engines were used for surface propulsion and charging of the electric batteries, which were used to power electric motors for propulsion when dived. Subsequently, Affray was fitted with a snort mast, which was a breathing tube to permit the submarine to run its diesel engines while at periscope depth, much reducing the chances of it being detected.

As we have heard, on 16 April 1951, Affray left Gosport on a training exercise under the command of an experienced submarine captain, Lieutenant Blackburn. There were 75 men on board and she was scheduled to make a surfacing report by radio at 10 o'clock the next morning, 17 April. When that was not received, Operation Subsmash was ordered in accordance with standard submarine search and rescue procedures, beginning at 11 o'clock the same morning. Over the next few days, many ships and aircraft were involved in the search for the Affray, but, sadly, to no avail. On 19 April, the Admiralty accepted that the Affray was lost, with no reasonable hope of any survivors. It was not until 14 June that the wreck of Affray was detected and identified north of Alderney in the Channel Islands, lying in 260 feet of water. In the following months, divers from HMS Reclaim spent much time investigating the wreck, hoping to discover the reasons for her loss. That was considerably dangerous work.

[Nick Harvey]

The board of inquiry convened to investigate the loss of HMS Affray presented an interim report on 19 July. The board considered a number of possible causes. Material failure was considered the most likely cause. That was not, however, a definitive finding. The board also considered issues of human error or the possibility of collision. The board of inquiry continued to seek further evidence. Diving continued to be carried out on the wreck, using some of the most advanced techniques available at the time, but no firmer conclusions could be reached and diving was brought to an end in early November 1951.

The final report of the board of inquiry reached conclusions that were broadly similar to those of the interim report: that the submarine was lost because of the material failure of the snort mast, which broke off without warning, and that the resultant rapid influx of water resulted in the submarine dipping markedly by the stern, becoming increasingly heavy and sinking to the bottom. The board also concluded that the rapidity of events did not allow the release of position indication signals, that the crew died rapidly and that the search organisation was rapidly and energetically implemented.

The report was laid before the House on 14 November 1951 by the First Lord of the Admiralty, Mr J P L Thomas. It noted that there was no certainty about the reasons for her loss and that the broken snort mast might be either the cause or the consequence. The Government judged that any attempt to salvage the Affray would be dangerous, expensive and not at all certain to be successful. With the extra risk to life that salvage would have incurred, the Government decided that it was best not to proceed. As a result, the definitive cause of the loss of the Affray could not be proven and the wreck of HMS Affray would therefore be the final resting place for the 75 souls on board.

As I am sure the House will agree, it is fitting that that grave is now protected from being disturbed under the Protection of Military Remains Act 1986. I took note that my hon. Friend told us that his constituent's clear preference was that it should not be disturbed. As Members may be aware, claims were made in print in 2007 alleging that the true cause of the loss of the Affray was known but suppressed to spare the embarrassment of senior naval officers. A study of those claims has been carried out by the Naval Historical Branch of the Royal Navy, but it has concluded that there is no reason to disagree with the findings of the original board of inquiry. Indeed, scrutiny of the paper trail around the inquiry found that it was far from a review carried out by the Admirals for the Admirals, which was, I think, the expression my hon. Friend used. In fact, far from the Royal Navy hierarchy encouraging the board of inquiry to the conclusion that what happened was caused by the mast snapping, they were, on the contrary, very sceptical about that account. They did not encourage the inquiry down that line, but continued to question whether that was the true explanation. Some people have called for a new inquiry to be launched on the basis of those various allegations.

I listened to the points that my hon. Friend has raised today. He stated very confidently that this was an accident that could easily have been avoided and that the lives were lost needlessly. I cannot see any evidence that enables so bold a statement to be made. It is perfectly true that there had been problems with the condition of the vessel, but it had spent three months in the dockyard earlier in 1951, during which time most of the serious problems were addressed.

Furthermore, it is true—this is, effectively, common practice—that the Affray was booked in for further repairs to be carried out. However, the decision on whether or not she was fit to go to sea was not taken by the hierarchy of the Admiralty in the fashion described by my hon. Friend; the decision rested with the commander of the vessel, who was, as we know, a popular, decorated and extremely experienced captain. He judged that the vessel was in a fit condition to go to sea, although it is also true that there were more people on board than usual because the exercise was going to combine two different training exercises: one for the submarine crew and one for a small number of Royal Marines who were on board for that purpose. Again, the captain made the decision that the size of the crew was reasonable in all the circumstances, and that it was appropriate to go out to sea with that number on board.

Some of the issues that have been raised, and some of the points that were made separately in the Bennington letters, were known to the Board of Inquiry when it was considering the events that led up to the tragedy. We cannot say with any certainty at this point what the board members made of each of those pieces of information, but we can say with reasonable confidence that those factors were known about at the time, and were considered by the Board of Inquiry. I am struggling to see that new evidence is available today that was not available to the Board of Inquiry when it looked into the matter. It is my duty to tell the House that in the absence of any new evidence, it would not be possible to authorise a new inquiry. The main purpose of a Board of Inquiry is to ascertain the cause of an incident so that a recurrence can be avoided.

The House will understand that submarines of the same class as Affray have been out of service for more than three decades. Indeed, we do not even have any diesel electric submarines in the 21st-century Royal Navy. The subsequent safety record of the Royal Navy submarine service since the sinking of Affray has been excellent—Affray was the last submarine lost at sea—so it is exceedingly unlikely that a new inquiry could make recommendations that would materially affect the running of our modern nuclear-powered Vanguard, Trafalgar or Astute class submarines. A new investigation, even with new technology, would involve significant expense and significant risk, and we would have to be realistic about what it would be capable of discovering, particularly if we respected the wishes of those who would not want graves to be tampered with.

My hon. Friend also raised a question about the Affray fund. It is an independent fund, and is not controlled by the Ministry of Defence. The trustees are the Lord Mayor of Portsmouth, the mayor of Gosport and the Public Trustee. If he wishes to pursue any matters pertaining to the fund, it would be best if he addressed them to the trustees.

Submarines are complex ships, operating in an environment that is extremely dangerous, even in peacetime. Submariners operate at the limits of human ingenuity, and that is to their credit. They are among the bravest men in the Royal Navy, and soon to be the bravest

women too. The loss of Affray and the men who served on her was a national tragedy, as well, of course, as a personal tragedy for many. We all understand only too clearly why those who were personally affected want definitive answers, but nothing can bring the fallen back, and after more than 50 years, there seems to me to be no realistic likelihood that we can ever provide the answers that, for understandable reasons, they crave. I cannot see that any new evidence is available to us now that was not available to the original Board of Inquiry. The passage of so much time seems to me to make the prospect of discovering anything new infinitesimal.

Tim Farron: The Minister is right to say that there is not much in the way of new evidence, but there are two clear sides that were never really put together. He referred to Affray's dubious service and maintenance history, and the technical and mechanical problems that it experienced. It is the marrying together of sending the craft out in that state with a crew that was oversized and, probably crucially, under-experienced—25 trainees and a crew that was two thirds inexperienced in that ship—that makes Mrs Tower and me believe that those in charge were culpable. I accept that the argument about the inquiry is one thing, but an apology should be made for that poisonous cocktail of an inexperienced crew and an unfit vessel.

Nick Harvey: I have already touched on the points about the condition of the vessel. The records of its condition were all available and properly documented at the time. They were available to the Board of Inquiry to consider. It is true that Affray had had some service and maintenance issues, but there is no particular evidence that their number was unusually high for submarines at that time. Therefore, the decision by the commanding officer and the chain of command was based on their judgment at that time about the safety of the vessel. There is no evidence that anyone can see that they were pressed to take the vessel out. According to the standards of the day, the risk was within the parameters of what they considered to be normal. It is also true that there was quite a large number of relatively inexperienced trainees on board at the time, but again that was not radically out of the ordinary. The captain judged at the time that the blend of experience and trainees on board was acceptable, and that the vessel was fit to set sail.

I would be hugely regretful and deeply sorry if either of those factors contributed to the loss of the Affray, but there is no evidence in truth that either factor did. We must be realistic about what we can hope to establish as definitive fact 50 years after the event when a Board of Inquiry conducted in the immediate aftermath with all the information at its disposal at the time was not able to say with certainty exactly what the cause was. It remains a huge tragedy for the Navy and a personal tragedy for those involved, but after more than 50 years, I just cannot see any new evidence or any realistic prospect that we would be better able to identify the cause of the disaster now than we were at the time.

I am delighted that in April some of the relatives will go out to commemorate the anniversary. I hope that my constituent, who is planning to go with them, finds the experience moving and meaningful, but I just do not think that there is anything we can do to put to bed the unanswered questions, because I do not believe that any more information is available to us today than was available then. I fear that the 75 souls who were lost will have to be left in peace on the sea floor, and that we will not find out anything new as a consequence of the allegations that have been made in the recent few years.

Legal Aid (Women and Families)

1.30 pm

Mr Virendra Sharma (Ealing, Southall) (Lab): It is a great honour and a privilege to present this debate under your chairmanship, Mr Streeter. Legal aid was first established by the post-war Labour Government under the Legal Aid and Advice Act 1949. It was established to ensure that ordinary members of the public who cannot afford legal fees can obtain legal services when they need them in areas such as family law, mental health, education, immigration and asylum, consumer issues, welfare benefits, employment and criminal defence.

The aim of legal aid is to ensure that individuals are able to defend or to enforce their rights, or to obtain advice on how to tackle the problems they face. As a result, it plays a key role in tackling social exclusion, and in helping individuals to protect their rights against richer and more powerful opponents. Since its creation, it has formed a central plank of the post-war welfare state. It is the arm of the welfare state that keeps the other arms honest and ensures that they are all directed towards the public good.

Legal aid funds private practitioners to provide that service, rather than setting up a legal equivalent of the NHS. As a result, many legal aid practitioners provide support through a comprehensive network of outlets, often run by self-employed individuals in small partnerships, as opposed to the state directly contracting lawyers. But that makes them uniquely vulnerable to major systemic shocks, such as current plans brutally to cut social welfare legal aid.

Rehman Chishti (Gillingham and Rainham) (Con): I am grateful to the hon. Gentleman for giving way and congratulate him on securing this important debate, which I know he cares passionately about. On funding and sustainability, does he accept that our legal system costs more than £2 billion a year and is one of the most expensive in the world and that that is, in current economic and financial circumstances, unsustainable?

Mr Virendra Sharma: The hon. Gentleman is a lawyer who has practised in the past. I will respond to his point later.

The Government know that many legal aid practitioners provide support in the way that I have described. That is why the Cabinet Office has taken over this Minister's mess and is trying to ensure the long-term viability of the advice sector. Legal aid support, particularly early intervention, demonstrates effective value for money for the taxpayer. According to cost-benefit analysis by Citizens Advice, for every £1 of legal expenditure on housing, debt, benefit and employment advice savings are made, although I will not give all the figures, which I am sure are available to hon. Members. As a result, it is clear that the savings made by cutting the legal aid budget will be dwarfed by increased costs elsewhere to the public purse. That is why cuts to advisory services, particularly to welfare advice, are both short-sighted and short-termist.

There is also a human cost. In any given year, legal problems such as divorce, eviction or debt will be experienced by one in every four people, but by one in three people with long-term sickness or disabled people, half of unemployed people and half of lone parents. People with one unresolved problem often accumulate other problems rapidly. If you cannot resolve early-stage problems, more problems will often accumulate and end up in a vicious circle. These cycles can result in people losing their jobs and income, suffering stress-related illnesses and experiencing relationship and/or family breakdown.

Kate Green (Stretford and Urmston) (Lab): I, too, congratulate my hon. Friend on securing this important debate. Does he agree that if we do not deal with the whole cluster of problems, we might allow problems to get worse? If people's employment and debt problems are related, and we resolve the debt problem but not the employment one, we are merely postponing the problem and it will come back again.

Mr Sharma: I thank my hon. Friend for her important intervention. I agree with every word that she said. I will come back to this matter and develop it later in my speech.

Such problems are closely related to social exclusion, poor outcomes for children and levels of crime and antisocial behaviour, all of which represent significant costs to public services. Children whose families are experiencing civil and social problems are more likely to become involved in truancy, exclusion, and offending.

For the past 40 years, local law centres have been providing legal advice and support to the most vulnerable and needy in their communities. In the late 1970s and early '80s I worked as an advice worker in a law centre and have experience in that field. I dealt with communities that suffered due to unemployment and other reasons. Law centres are an essential part of community life and are the first port of call for many people experiencing social and civil legal problems.

Law centres must be protected because of their experience. They have been working for 40 years with local communities, building a relationship with the public, landlords, organisations, local authorities and projects. They have local access; they are well established in communities; they are easily accessible; and they are trusted by communities. The brand power of law centres, like citizens advice bureaux, lies in their having gained public trust and confidence. They provide face-to-face advisory services and build trust and stronger relationships with clients. Services provided by the 52 law centres in England and Wales can be divided into three strands, namely individual casework, education and prevention, and developing policy. All three strands of services provided by law centres and CABs demonstrate the important strategic role played by these organisations in their local communities.

Rehman Chishti: On advice centres, does the hon. Gentleman welcome the fact that this Government will spend £4.7 million to fund 44 court-based independent domestic violence advice positions across the country, which clearly shows that they are committed to supporting the most vulnerable in our society?

Mr Sharma: I will answer that question later in my speech.

Issues raised in individual casework are often the root causes of problems faced by communities, which places law centres in the unique position of being able to disseminate information to other support bodies and to propose remedies. Research by the New Economics Foundation calculated the contribution of law centres by quantifying the social value such institutions provide and found that for every £1 invested in a law centre, a further £15 of social value is generated.

Family legal work remains the most costly area for the civil legal aid budget. It covers issues of child welfare and protection, as well as divorce, property and relationship breakdown issues. The proposals have retained legal aid for cases where domestic violence or forced marriage is involved and for cases where children's safety is in danger.

Jim Shannon (Strangford) (DUP): I, too, congratulate the hon. Gentleman on securing this debate. A lady in my area who reared her children and left her job, and depended on her husband for income, finds herself needing legal aid after a messy divorce, but cannot receive it. Does the hon. Gentleman share my concern that families—ladies in particular—will find themselves vulnerable at this time?

Mr Sharma: I agree. As I stated earlier, the impact will be on families in society.

Abundant research has been carried out into the adverse consequences of family breakdown. There is also ample evidence suggesting that job loss, financial difficulties and loss of income can bring about family break-up. Therefore, the provision of advice for other civil law problems, such as employment, housing and debt are important in preventing problems from escalating.

The Government's proposals would seriously damage access to justice, especially for the most vulnerable in society. The Ministry of Justice impact assessment shows that there will be a disproportionate effect on women. Similarly, the cuts disproportionately impact on black and minority ethnic clients and those with disabilities. As legal aid is targeted to those with low incomes, it will have a disproportionate effect on this section of the community. However, it is likely that those on very low incomes will be particularly negatively affected.

And then there is domestic violence. I direct the Minister to a speech of great power delivered by the noble Baroness Scotland in another place to the Minister, Lord McNally:

"look at the average case, such as when a woman has run from her home. She manages to go to her GP, who sees the injuries and notes them and then sends her to hospital because there are fears that she may have cracked a rib or another bone. She is seen by the medical staff and they verify that the injuries that she complains of are genuine. Her neighbours may have come in to rescue her from an assault. They may not have seen the assault taking place but have noted what was happening and taken her away. Social services may have come along and examined the children, spoken to them and heard what they had to say. All of that might have been used by the police who then came along and arrested the man. He may then acknowledge that he has indeed committed the offences that are alleged against him. Even if all those things had happened, under"

the Government's current

"provisions the woman would not be entitled to legal aid. That cannot be right."—[*Official Report, House of Lords*, 18 January 2012; Vol. 734, c. 595.]

Rehman Chishti: Does the hon. Gentleman accept, in relation to the interdepartmental working between the Ministry of Justice and the Home Office, that the Home Office is providing more than £28 million of stable funding until 2015 for specialist local domestic and sexual violence support services and £900,000 to support national domestic violence helplines and the stalking helpline, and that that shows its commitment on this issue?

Mr Sharma: Again, the hon. Gentleman makes a very good intervention, but at the same time we need to consider the impact of the reductions and where the resources are going. That is what the debate is about.

Alex Cunningham (Stockton North) (Lab): Does my hon. Friend agree with the noble Baroness Scotland that the definition that the Government plan to adopt on domestic violence could result in some 46% of the cases that currently attract legal aid no longer doing so?

Mr Sharma: I thank my hon. Friend. Every hon. Member who has spoken has made a very good intervention. I agree with what he has said and am sure that everyone will have recognised and noted it.

I was referring to the speech delivered by Baroness Scotland. She is a practitioner of great experience and ability and is, of course, right.

I am fortunate enough to have the brilliant Southall Black Sisters in my constituency of Ealing, Southall. It is one of the UK's leading organisations for black and minority ethnic women, and it told me that those women will be particularly hard hit by the Government's plans. It said that

"the Legal Aid Bill will make it difficult for all vulnerable sections of society, especially BME women, to access justice and in doing so, remove meaningful legal protection from them and instead push them into community forums such as religious arbitration tribunals where not only will they be denied justice and protection but they will be encouraged to reconcile with abusive partners in order to uphold so called religious and family values. Women who have experienced and are at risk of violence and abuse will be at further risk of domestic and sexual violence, sexual exploitation and forced labour."

It has been widely reported as fact that women who have experienced domestic violence will still be eligible for legal aid in private family law proceedings, such as disputes concerning the care and upbringing of children, but that is simply not the case. Experts in the field have unanimously raised the concern that too many women who have experienced domestic violence and need help will fall through the gaps in the proposals.

Mrs Helen Grant (Maidstone and The Weald) (Con): Does the hon. Gentleman agree that men are likely to be financially better off than women and therefore better able to pay for legal work privately and that women are more likely to be in non-unionised jobs?

Mr Sharma: I agree with every word that the hon. Lady has said. I am sure that the Minister will also take note of those points in his response.

[Mr Virendra Sharma]

Experts in the field cite two particular concerns. First, the definition of domestic violence currently used in the Legal Aid, Sentencing and Punishment of Offenders Bill is inconsistent with the cross-Government definition of domestic violence, which guides statutory agency practice and governs access to Government services. Importantly, the definition used in the Bill fails explicitly to refer to financial abuse and sexual violence, which are particularly insidious forms of domestic violence. It is not clear why the Bill uses a different definition of domestic violence, unless the purpose is to restrict the number of cases that will be deemed eligible for legal aid. Under the current proposals, many who are already known to be victims of domestic violence by other departments will not obtain the legal support that they need.

Karl Turner (Kingston upon Hull East) (Lab): I am obliged to my hon. Friend for giving way; he has been very generous. I wonder whether he would like briefly to address the fact that 23 special domestic violence courts are closing on the current Government's watch. How will that affect women?

Mr Sharma: I think that I will come back to that. I thank my hon. Friend for the intervention. When I reach the last lines of my speech, he will hear about the impact of the various proposals on women.

Under the proposals, victims of domestic violence will be expected to provide "objective evidence" of that violence to qualify for legal aid. Experts unanimously agree that too many victims will remain ineligible for legal aid because the evidence that they will be required to present is dangerously restrictive. The evidence of domestic violence that the Government propose to accept relies on victims taking civil and criminal proceedings against perpetrators, yet we know that a large proportion of victims do not take those routes. To ensure that all women affected by domestic violence are protected, it is essential that the evidential criteria used reflect the experiences of women and the reality of domestic violence. That must include evidence from specialist domestic violence organisations, health services and social services. The Government have failed to think through their proposals adequately.

The notion that "We are all in it together" is not alien to the Labour party. Indeed, this may be the first time that a Conservative Prime Minister has adopted a socialist slogan as his mantra. However, these cuts are deliberately, unashamedly and, I argue, viciously targeted at those who most need help. I am looking at the time; I am sorry, but I have indicated that I need to rush. As I have said, the cuts are targeted at those who most need help and, in the case of domestic violence sufferers, there can be no defence.

I ask the Minister to think again, particularly on domestic violence. In its current form, the Bill will leave thousands of women who have experienced the trauma of domestic violence, trafficking for the purposes of sexual and other forms of exploitation and exploitation as a migrant domestic worker in a private household with a stark choice between representing themselves in legal proceedings or taking no legal action at all to protect themselves. It will also have a life-threatening impact on black and minority ethnic women, who, as a result of cultural, religious and other social pressures and racism, already struggle to access the legal system. The Bill will violate the rights and fundamental freedoms of all vulnerable women, but it will have an immensely disproportionate impact on black and minority ethnic women.

It is not too late to think again, but if the Minister does not make up his mind to do what I have asked, I pray that my colleagues in the other place will make his mind up for him.

1.48 pm

The Parliamentary Under-Secretary of State for Justice (Mr Jonathan Djanogly): I congratulate the hon. Member for Ealing, Southall (Mr Sharma) on securing the debate. This is an important topic and one that we have discussed at length. I recognise a number of Bill Committee colleagues in the Chamber today. As the hon. Gentleman said, the issue is still being discussed in the other place, as the Legal Aid, Sentencing and Punishment of Offenders Bill continues its passage through Parliament. However, I welcome the opportunity to have a debate on this specific topic today.

It is notable that the subject of the debate on the Order Paper emphasises the effects of our reforms to legal aid, rather than leading us to debate only the justification for those reforms. It may be helpful, therefore, if I give the wider context for our proposals, without which a proper response about the effect on women and families cannot be given.

I start by confirming that the Government are committed to the principle that domestic violence victims need support both legally and otherwise. The Home Office is providing more than £28 million of stable funding until 2015 for specialist local domestic and sexual violence support services and £900,000 to support national domestic violence helplines and the stalking helpline.

The Ministry of Justice has contributed towards the funding of independent advisers attached to specialist domestic violence courts since 2007-08 and will have contributed just over £9.25 million by the end of 2012-13. In addition, the victim and witness general fund will provide a total of nearly £15.5 million in grant funding over the next three years to voluntary sector organisations that support the most seriously affected, vulnerable and persistently targeted victims of crime. Of that, nearly £4.7 million will be used to fund 44 court-based independent domestic violence adviser positions across England and Wales for the next three years. My hon. Friend the Member for Gillingham and Rainham (Rehman Chishti) was right to mention that. We will also allocate nearly £3 million a year for the next three years to 65 rape crisis centres, and we are working with the voluntary sector to develop the first phase of the new rape support centres where there are gaps in provision.

Domestic violence protection orders are being piloted in three police force areas. They are designed to give immediate protection to victims by banning a perpetrator from returning to the house, thus giving the victim the breathing space that they need to consider their next steps. Such orders show a real commitment by this Government to tackling domestic violence—and, if I may so, it is a commitment that is rarely recognised or taken into account when directing criticisms to our proposals for legal aid.

Karl Turner: I am obliged to the Minister for giving way. Will he address the point that I made in my earlier intervention? What effect does he think that the closure of 23 special domestic violence courts will have on women?

Mr Djanogly: The hon. Gentleman is avoiding the reality of the situation. In all except for fewer than five of those courts, the service is being transferred to other surrounding courts. I will write to him with the specific details because I do not have the numbers in front of me.

With that context in mind therefore, I will move on to the specific issue of the legal aid reforms. The £2 billion annual cost of legal aid, combined with the economic climate of the day, mean that hard choices must be made. It is essential that resources are focused on cases where legal aid is most needed—that is where people's life or liberty are at stake, where they are at risk of serious physical harm or immediate loss of their home, or where their children may be taken into care.

As well as retaining legal aid for criminal cases, we are also keeping legal aid for mental health matters, asylum matters, debt and housing matters where someone's home is at risk and legal aid for judicial reviews of public authorities. All of those are directly relevant to family welfare. That means that we are retaining legal aid to seek an injunction to prevent domestic violence and to oppose a child being taken into care. We are also retaining legal aid for private law family cases where domestic violence is a feature. We will also be keeping and extending legal aid for family mediation. The power to waive the financial eligibility limits in cases where someone is seeking an injunction against domestic violence also remains, so those who need help securing protection will be able to get it.

Mrs Grant: Does the Minister agree that excluding undertakings from the domestic violence gateway could have the perverse effect of encouraging litigation, thus potentially increasing costs?

Mr Djanogly: As I said in Committee, the Government are looking at the question of undertakings and that continues to be our position. We hope to come forward with that as the Bill progresses through the other place. If I am to say very much more, I will not be able to take any further interventions.

We are also retaining legal aid for all child parties in family cases, and of course exceptional funding will be available in any out-of-scope case where a failure to provide legal aid might breach the European convention on human rights or EU law. Taken together, we expect such provisions to mean that we will continue to spend around £120 million a year on private family law legal aid, based on 2009-10 figures. When we include legal aid for public family law matters, spending will well exceed £400 million, again based on 2009-10. We will continue to spend nearly £130 million a year on legal representation for child parties. That represents around 95% of current spend.

I accept that women and children will often be directly and indirectly affected by private family law proceedings, but, as I have said in the past, we have had to make tough choices here. We cannot afford to fund generally lengthy and often intractable disputes in the family courts. However, we know that mediation can lead to better results that are consensually and less acrimoniously agreed and that are potentially longer-lasting than those imposed by a court. We expect an extra 10,000 mediations a year, which is up from the current figure of around 15,000.

Mediation will not always be appropriate, however, particularly when domestic violence is involved. We know that it can have a devastating effect on women and children, as well as men, who are a significant and often overlooked group of domestic violence victims. Domestic violence is also a significant predictor of children being taken into care as well as a precursor to all sorts of other social problems. On top of that, we also know that perpetrators of domestic violence can assert a controlling, insidious power over their victims, which could potentially stop a victim from effectively presenting their case against the perpetrator in court. On those points, I agree with the hon. Member for Ealing, Southall and with Baroness Scotland. However, the hon. Gentleman's example of a woman who would not get legal aid after running from an abusive husband is not accurate. That sort of case would get legal aid. When a person is convicted of domestic violence against a partner, the partner will be eligible, as conviction would count as evidence. That is why we have made a large, and extremely important, exception in our proposal to remove most private family legal aid from scope of our reforms—that is where domestic violence is a feature.

There has been much debate about the definition of domestic abuse in the Bill and the fact that we do not use the definition of the Association of Chief Police Officers. We are considering that as the matter proceeds through the other place.

There has also been much focus on the evidence criteria for domestic violence to qualify for legal aid in private family law cases. We need clear, objective evidence of domestic violence to target taxpayers' money on cases where the victim needs assistance. The allegation, which has again been made today, is that the Government's criteria will miss a great number of genuine victims, and various pieces of evidence have been adduced to support this, and we will continue to look at them. They include the evidence provided by Southall Black Sisters, who have made a significant contribution to the whole case.

Those pieces of evidence refer to domestic violence victims as a whole and point out their difficulties in dealing with the civil or criminal justice systems. We are dealing with a subset of that group—those who are seeking private family law legal aid. They will have, in certain respects, slightly different characteristics to domestic violence victims as a whole. By definition, they will be engaged in the civil justice system. A significant number, nearly 10,000 in 2009-10, will be seeking civil legal aid for a protective injunction at the same time as they seek legal aid for their private family law matter. They will all meet the evidential criteria. We know that in total there were 70,000 legal aid family cases in 2009-10. Let me compare that figure to the prevalence of the types of evidence that we are requesting. Around 24,100 domestic violence orders were made in 2010, the great majority with the benefit of civil legal aid. Around 74,000 domestic violence crimes were prosecuted in 2009-10, and there were 53,000 domestic violence convictions. Around

[Mr Djanogly]

43,000 victims of domestic violence were referred to Multi-Agency Risk Assessment Conferences in the 12 months up to June 2010.

We also propose that an ongoing criminal proceeding for domestic violence and a finding of fact in the courts will be taken as evidence. Now these figures will clearly overlap to some degree, but what they point to is that a significant proportion of those 70,000 private family law cases that we currently fund will continue to be funded. We think that this proportion will be around 25%, which matches our rough estimate of the prevalence of domestic violence. I should also say, though, that this comes from a number of sources, and definitive evidence is not available.

I have also committed to look again at whether the issue of undertakings in a court can be used as evidence. We are clear about the need to ensure that those who are victims of domestic violence and need legal aid can access it and these requirements are designed to enable that.

Turning to legal aid for children, we have protected funding in areas that specifically involve children. We have retained legal aid for child protection cases, civil cases concerning abuse of a child, and for cases concerning special educational needs assistance. We have also made special provision so that legal aid is available for children who are made parties to private family proceedings.

I should highlight that in civil cases, such as clinical negligence, claims brought in the name of a child are usually conducted by their parents acting as the child's "litigation friend", rather than the child themselves. That is a normal part of the rules around civil litigation. As I mentioned earlier, there will also be an exceptional funding scheme for cases where legal aid will not generally be available, which will take into account a person's ability to represent themselves in legal proceedings where the European Court of Human Rights applies. That will clearly be an important factor in the case of children who might otherwise be left to present their case without assistance.

It is worth noting that the Government published an equality impact assessment, which laid out our assessment of the effects on women of planned changes to legal aid. It recognised the potential for the reforms to have an impact on women and children, but in the context of the cuts that need to be made, and the deliberate focus of legal aid on those who are most vulnerable and in need, we do not believe that this impact is disproportionate.

I do not pretend that the choices we have had to make will have no impact, but they needed to be made.

2 pm

Sitting adjourned without Question put (Standing Order No. 10(11)).

Westminster Hall

Wednesday 25 January 2012

[MR CHARLES WALKER *in the Chair*]

UK-India Trade

Motion made, and Question proposed, That the sitting be now adjourned.—*(Greg Hands.)*

9.30 am

Mr Charles Walker (in the Chair): Colleagues, I am afraid that an enormous number of hon. Members want to speak in this hour-and-a-half debate. Even if you limited yourself to six minutes each, it is unlikely that we will get everybody in. If you want to try to limit yourselves for the sake of other colleagues, that is fine.

Stephen Hammond (Wimbledon) (Con): Good morning, Mr Walker. It is a pleasure to serve under your chairmanship. It is an honour to initiate this debate, and I am grateful to Mr Speaker for selecting it.

First, I declare an interest: I chair the Conservative parliamentary friends of India group and had the pleasure of travelling to India on official visits in 2009 and 2011, and I begin the debate in that light. I am an unashamed friend of India and believe in the need to strengthen, deepen and improve the United Kingdom-Indian relationship on matters of geopolitical importance, culture, education and particularly trade.

Hon. Members who are historians will know that the UK-Indian trade relationship stretches back some 400 years, with the UK initially being a huge importer of spices, textiles and food items. By the 1850s, the relationship was such that the percentage of total UK trade in goods with India was 8.5% of our trade. Throughout the early decades of the 20th century, the UK enjoyed a huge, growing surplus in bilateral trade, but with independence came caution on the part of India and a distrust of international trade and capital. That was witnessed by the fall of India's share of world exports, from 6% to 2%. Consequently, by the 1970s, UK-India trade had fallen to just under 2% of total UK trade in goods.

Today, of course, it is a different environment. India is now one of the world's fastest-growing economies. In respect of UK trade, our imports from India have risen by 250% in the decade 2000 to 2010 and our exports to India have risen by 140%. However, our relative position with this fastest of all fast-growing economies is revealing and shows the harsh reality. In 2000, the UK was the fourth most important location for Indian exports, but it was the seventh most important by 2010. In 2000, the UK was the third most important importer to India, but we had slipped to 22nd place by 2010. That dramatic decline may have many causes, but it is worth dwelling on, or at least making some observations about, why that happened.

First, our shared past and shared language can be both an opportunity and a barrier. I sense from a number of discussions that such familiarity caused an expectation on one side that contracts might be won, but the expectation on another side was that contracts had to be worked for. I suspect that the UK was perceived, in respect of many bids, as not having done the research into the bid process done by many European competitors striving to gain a foothold in that market.

Secondly, the UK was slow to exploit some of its traditional strengths, despite having those clearly signposted. A mark of a fast-growing economy is the need for infrastructure. The UK has been for many years one of the world's leaders in world civil engineering and infrastructure, yet we were slow to embrace that and were often beaten to contracts by others. The same is true of higher education.

Thirdly, from 2000 to 2010, the UK appeared to concentrate more on European markets, with exporters regarding that as their overriding priority to the exclusion almost of other opportunities, whereas others saw Europe as one market and the world as their oyster.

I hope that the Minister says something about the Government's position in ensuring that the mistakes of 2000 to 2010 will not be replicated in their policy of encouraging trade.

Latterly, there has been a complete refocusing. I am sure that every hon. Member in this Chamber welcomed the Queen's Speech of 2010, which explicitly cited India as a destination for the UK to concentrate on in respect of trade. The Prime Minister's visit in July 2010, with many senior industrialists, has set the tone, which I hope will continue for many years.

Mark Pritchard (The Wrekin) (Con): On the importance of bilateral trade, does my hon. Friend agree that it is important that British companies are confident when doing business in India? Therefore, ahead of the Indian Prime Minister's visit in June, it would be good if all outstanding matters surrounding the Commonwealth games were dealt with. Outstanding bills for companies, such as SIS LIVE—the British company that is the world's largest satellite broadcasting company— need to be paid if British companies are to have confidence in doing business in India.

Stephen Hammond: My hon. Friend is known for his clear-sighted view of the future. He pre-empts remarks that I will make in the very near future. I share his sentiments. As he rightly says, we look forward to welcoming Dr Singh to the UK. I hope that his visit will be seen as a further expression of our shared values and common interests, but much more importantly, with regard to economics and trade, I hope that it will be regarded as a reiteration of the target of at least doubling bilateral trade in the next 10 years. I hope that my right hon. Friend the Minister will be able to say something about the plans in the business arena that he expects to see from Her Majesty's Government in June.

David Simpson (Upper Bann) (DUP): The Foreign Secretary made an interesting statement in December last year, saying that Asian consumer spending will reach a high of approximately £42 trillion by 2030. I am sure that the hon. Member for Wimbledon (Stephen Hammond) agrees that the Indian and Asian market is a vast one for British companies. However, the onus is on the British Government to make it easier for companies to export into Asian countries, by helping to remove a lot of the bureaucracy and paperwork that is tied up in relation to that.

Stephen Hammond: I thank the hon. Gentleman for that remark. I will deal with that point specifically in a few minutes. It is the job of government to ensure that there is an environment in which business can thrive. The onus is on both the British and Indian Governments, particularly with regard to some of the bureaucracy.

My hon. Friend the Member for The Wrekin (Mark Pritchard) mentioned SIS—Satellite Information Services. I declare that I have already spent a day in Delhi, meeting local journalists and local people, trying to ensure that that company receives the correct treatment that it deserves from the Indian Government. The contract was awarded to SIS to cover the Commonwealth games, against a difficult backdrop, including late access to the stadiums, and it was generally accepted that an outstanding job of coverage was completed. The troubles began at that stage, but the company has enjoyed the support of the UK Government, with interventions from Ministers in the Department for Business, Innovation and Skills and the Foreign and Commonwealth Office, and from the high commissioner in Delhi.

In essence, for hon. Members who are not aware of this story, allegations of impropriety in the awarding of a number of contracts were made. Why such allegations arose may be speculated on: whether to do with domestic Indian politics or disappointed companies. None the less, in response to Opposition and media pressure, the Indian Government commissioned a high-level report, known as the Shunglu report, which has now concluded.

The issue is that SIS has not really been given a chance to state its case: it was not given the chance to submit evidence or to be questioned by the Shunglu Committee. Moreover, the company has still only received 60% of the contractual payment due to it, with 40% remaining unpaid, and it has had to pay a 10% subcontract, so 50% in terms of monetary value remains unpaid. It is a matter of regret that the committee failed to check and to verify some of the information in its report. It is a matter of even greater concern that the second report by the Comptroller and Auditor General failed to pick that up. SIS sought to resolve the matter, correctly, through diplomatic and commercial channels, but it is disappointing that the efforts by her Majesty's Government and high commissioners from the United Kingdom and many other nations have not had success. I sincerely hope that the legal proceedings in India will not be involved.

On the point made by the hon. Member for Upper Bann (David Simpson) about some of the issues facing companies that trade with other nations, to many in the commercial world, the failure to settle a contract that was set up in good faith by an internationally respected organisation will be of concern, because it will show that if a company becomes involved in a long-running domestic political dispute, non-payment of funds could threaten its economic operation. In the sporting world, where the Commonwealth games were a success, India is scoring an own goal post those games, and there is a chance, as my hon. Friend the Member for The Wrekin said, that the visit by the Indian Prime Minister will be overshadowed by this matter. It is important to put that on the record.

Mr Laurence Robertson (Tewkesbury) (Con): I know the company very well from my activities in the House. It is very strong in charitable work and many other aspects, and it is indeed bad that the matter remains outstanding after so long.

Stephen Hammond: My hon. Friend is, of course, correct. We can only hope that the Indian high commission in London will make that point to its Government. I know that my right hon. Friend the Minister has already made the point.

I return to the issues surrounding Dr Singh's visit and the matters that we must reiterate to the Indian Government for doubling bilateral trade. We all accept the need to rebalance our economy, but we must exploit those areas of competitive advantage, and clearly a major one is and will remain financial services. The City of London corporation has been working actively in India for some time to build the City as the partner of first choice for the provision of financial services and to highlight the UK as a location of choice for overseas investment. The opening of the Mumbai office, and the lord mayor's regular visits allow a continuing dialogue on the issuance of capital, insurance, asset management, infrastructure finance, consultancy, London exchanges, and legal matters. I could go on.

Our ability to expand trade in financial services would benefit from the removal of some of the restrictions that are in place on foreign institutions. There has been some liberalisation of the rules for foreign banks, which are now allowed to open 12 new branches a year, but there is a huge appetite among many international banks and particularly UK banks for a much greater allowance for branches in India. There is also countervailing pressure on UK banks that want to become established in India, not to open branches, but to form wholly owned subsidiaries, thereby receiving national treatment. They receive only partial national treatment, and that does not equate to the same treatment received by Indian banks that are trying to set up. I hope that the Indian Government will listen to the need for further liberalisation.

The same is true for both legal services and the accountancy profession. Broadly speaking, restrictions are such that internationally respected firms of lawyers and accountants are unable to practise on the Indian subcontinent.

Priti Patel (Witham) (Con): India's economic liberalisation has been taking place over the past 20 years, and things are moving fast. Does my hon. Friend agree that India must concentrate on sorting out business practices and ethics to ensure that all businesses in India and those in the UK that choose to go to India are not affected reputationally, as SIS has been?

Stephen Hammond: My hon. Friend is absolutely right. One of the greatest encouragements to international trade is certainty in the business environment, whether political, legal, accountancy or business ethics. She makes an outstanding point, which is absolutely correct.

I have touched on the financial services industry, and I hope that the Minister will outline what the Government are doing to ensure that pressure is maintained for further liberalisation of the area. There are other industries in which the relationship between the United Kingdom

and India is growing and could be pivotal to us if we accept the opportunities. In the telecoms world, the UK has traditionally enjoyed, and still does, a competitive advantage over many countries in Europe and the world. It has been a leader in the development of mobile and tele-optic fibre technology and policy.

India suffers from a highly fragmented mobile technology market and might benefit if it were slightly less fragmented, but it is undeniably true that the market is dynamic. In one of the past six months, 18 million new mobile connections were made, and there is significant demand from the Government for the enhancement and expansion of broadband and some machine solutions to manage logistics. There is an opportunity for the UK telecoms industry, and it could become pivotal to our future.

The same is true of the higher education sector. One of the last high commissioners, His Excellency Nalin Surie, expressed disappointment that the UK had failed to grasp the opportunities that India thought that it was opening up to UK academic institutions and at its inability to open faculties in India. At last, over the past two or three years, there has been reversal of that. There are immense opportunities for new faculties and collaboration on high tech and pharmaceuticals, particularly in some areas of post-doctoral research. The UK higher education sector would do well to grab them.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Member on bringing this debate to the Chamber. He referred to education and the adoption of cultural links. In my constituency, Orange district lodge No. 4 has been actively involved in raising money to build a school for orphan children and for their health. Comber rotary club has been raising money for polio vaccination. Business opportunities come through health links, church links and human rights links. Does the hon. Gentleman believe that such links are overlooked by the Government and should be encouraged?

Stephen Hammond: I agree entirely that there are huge opportunities outside the industries that I am talking about. Owing to pressure of time, I shall conclude my comments in the near future, but I am sure that colleagues will want to talk about opportunities and other industries. The hon. Gentleman is correct. I had the opportunity of seeing one of the major Indian health care providers and what it is offering to the UK. There is collaboration with UK pharmaceutical firms on drugs to the Indian generic market. There are huge opportunities.

The Indian economy will grow less slowly this year than in previous years, but at 9% it will still be one of the fastest growing economies in the world. That will inevitably bring pressure for further infrastructure development. The new five-year plan suggests that it wants $1 trillion added to its infrastructure budget for capacity in power, roads, rail, ports, aviation, housing, office and social infrastructure. The UK has not only civil engineering expertise and project management ability, but acknowledged skill in project finance. I hope that the UK infrastructure industry, in the widest sense, will embrace the opportunity of that size of development.

Jeremy Lefroy (Stafford) (Con): Does my hon. Friend agree that one of the key drivers of bilateral trade is inward and outward investment? In my constituency, Perkins has just announced the building of a factory in India, and there is inward investment in the constituency of my neighbour, my hon. Friend the Member for South Staffordshire (Gavin Williamson), by Tata through Jaguar Land Rover.

Stephen Hammond: I thank my hon. Friend for his intervention. Indeed, I thank all the hon. Members who are intervening; they are helping me along with my speech. I was about to deal with inward investment. My hon. Friend is, of course, right. India may well be setting the pace at the forefront of the global economy. Indian companies' entrepreneurship and management techniques are certainly influencing business practices across the world. However, let us be clear: the UK must not only welcome Indian investment into the UK, but be hungry for it and go out and seek it.

As my hon. Friend pointed out, there are huge advantages to investing in this country. They include the skilled work force and the certainty on law, politics and accountancy. Tata's investment in steel production and car manufacturing is an example. Other Indian businesses have chosen to base themselves in London or elsewhere in the United Kingdom, partly because of the expertise and skills on offer. We must make certain that other Indian firms looking to invest know that Her Majesty's Government stand ready to welcome Indian businesses. I hope that the Minister will echo the remarks of his colleague, Lord Green, who has said that

"those days of complacency on the British side are over."

Britain is open for business.

Mr Virendra Sharma (Ealing, Southall) (Lab): I congratulate the hon. Member for Wimbledon (Stephen Hammond) on obtaining this important debate. This issue is close to the heart of many members of the all-party group on India, as well as hon. Members more generally. Does the hon. Gentleman recognise the value of the state-based schemes to promote UK-India trade? I have worked closely with, for example, the UK Kerala Business Forum and the UK Telugu Association, both of which are making great progress in building links for investment going in both directions.

Stephen Hammond: The hon. Gentleman is, of course, right. I am sure that the Minister will want to refer to his remarks. As I said, it is the job of government to encourage and to provide the environment in which business can thrive. It is for business to grasp that opportunity. Dr Singh visits this country later this year. I hope that the tone and the tenor of the debate will ring out today and send the message that Britain is open for business and particularly for Indian business.

Several hon. Members *rose—*

Mr Charles Walker (in the Chair): Colleagues, as you can see, time is getting away from us. The winding-up speeches start at 10.38 am. The Backbench Business Committee is under-utilised at the moment, so I am sure that it would like to receive a representation from hon. Members who are not called to speak today.

9.52 am

John McDonnell (Hayes and Harlington) (Lab): I congratulate the hon. Member for Wimbledon (Stephen Hammond) on securing the debate. It comes at a vital

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time in the trading relationship between these two countries, because the European Commission and the Government of India are aiming to conclude the free trade agreement during the EU-India summit on 8 February in Delhi. The next fortnight is therefore a critical opportunity—the last opportunity—for us to try to influence that agreement.

I urge the Minister to do all in his power to ensure that it is not just a free trade agreement, but a fair trade agreement. A number of significant and expert non-governmental organisations working in this field have raised serious concerns about the consequences for some of the poorest people in India of the free trade agreement as proposed by the EU at the moment, and are seeking amendments to the agreement in this last phase.

When I raised the question with Ministers at the Department for Business, Innovation and Skills, I was referred to the conclusions of the European Union's sustainability impact assessment. The Minister pointed out that as a result of the FTA, there would be an overall reduction in both rural and urban poverty. The study does come to that general conclusion, but there are sections in the report, particularly relating to the rural poor of India, that give cause for concern. It demonstrates that there will be an increase in the wealth of the rural poor only if they are, for example, connected to the supply chains that will flow from the FTA and if they are in suitable locations, with adequate infrastructure. The problem is that most of the rural farmers do not operate with adequate infrastructure and are not organised in the way in which the FTA describes; nor is domestic policy likely to change that. Therefore, the impact assessment by the EU, as against one by our Government, is, in this and many other areas of the report, at best wishful thinking or at worst simply determined to prove the case for the FTA.

Mr Gregory Campbell (East Londonderry) (DUP): The hon. Gentleman touches on an important point. The UK farming industry and, in particular, small businesses that excel in the international market can assist in poor rural areas in India, especially in terms of delivering higher yields through best practice, and can assist in promoting trade between the UK and India.

John McDonnell: That is exactly right, and it is one of the issues that need to be dealt with in the final negotiations so that people are appropriately placed and organised to enable that to happen.

In contrast to the EU's assessment of the FTA is the more realistic and deeply worrying alternative assessment of the potential impact of the FTA that was published only a few weeks ago, in December, by organisations working in this field: Misereor, the Heinrich Böll Foundation, Anthra, the Third World Network and Glopolis.

Lorely Burt (Solihull) (LD): Like the hon. Gentleman, I am focused on the EU-India summit in February. Does he agree that that summit is not likely to achieve the free trade agreement that we all wish to see and that a major block relates to mode 4 services? I am referring to the negotiation of a temporary transfer of personnel from a partner country to provide a service to a corporation. If the UK Government can move on mode 4, we may well be able to move things along much better.

John McDonnell: There are real opportunities for the UK Government, with their vast experience of trading relations with India, to influence the FTA in a more realistic way, which will achieve all our objectives.

There was a previous assessment in 2008 by the organisation Traidcraft, with which many hon. Members have worked. It concluded that there were real concerns. It stated that

"the proposed...FTA...risks stripping away the very tools that India could use to re-balance the gains from growth and to ensure that the poor are not further marginalised."

That reflected not just statements from NGOs, but a statement from the UN itself.

The joint report, published in December, focused on undertaking a right-to-food impact assessment—the impact on people's ability simply to feed themselves. The results are worrying and warrant serious consideration by the Government in relation to the final drafting session for the FTA.

The FTA is designed to liberalise substantially all areas of trade. It contains sections on services, investment, public procurement, intellectual property rights and many other areas. It will oblige India to eliminate 90% of its tariffs applied to the EU within about seven years. The assessment by the NGOs focused on a limited number of farming or agricultural issues. I will give just some examples. Some 14 million Indian farmers are currently involved in dairy production. Most of them are small-scale, marginal or landless farmers. Their market access, incomes and right to food would be threatened if tariffs for EU skimmed milk power were cut from 60% to zero as planned.

Tony Baldry (Banbury) (Con): India's economy is growing at 7% a year. Does not the state of India have some responsibility itself to ensure that the benefits of that growth in its economy are more evenly shared among the people of India?

John McDonnell: Of course. In the negotiations to which I am referring, it is important that the UK Government in particular, with their influence in Europe, enable the transitional period of the next seven years to be used effectively, so that it does not impoverish people but ensures the growth and wealth of both countries.

I am giving just three examples; I am worried about a shortage of time. The dairy industry will be faced with agriculture in the EU continuing to be heavily subsidised. Reform of the common agricultural policy has not happened, so EU farmers will be relying on export refunds. The dairy quota has been abolished. They will increase their production and therefore put at risk many poor Indian farmers.

The risk is the same in relation to poultry keeping. About 50% of India's landless and marginal farmers use poultry keeping to supplement their livelihoods. Again, they will be at risk as a result of the reduction from 100% to zero in the current tariffs that is taking place.

About 37 million people in India work in the retail sector. There are 10 million street vendors. It is envisaged that if multi-brand retail is opened up to EU retailers, such as Carrefour, Metro and Tesco, that will bring 1.8 million jobs, but possibly at the cost of 5.7 million people working in that sector.

There are concerns about land distribution, which is highly unequal in India, where 83.29% of farmers have an average land holding of less than 2 hectares and own only 41.42% of agricultural land. There are real concerns that the FTA's protection for increased inward investment will hold up land reforms.

There are real concerns about third-country impacts. In the case of Bangladesh, the EU's own assessment says that there could be a 0.5% loss of exports, which does not sound significant, but as the Bangladeshi garment workers union has pointed out, that could cost 150,000 women their livelihoods.

Given the FTA's implications for India's poor—I remind Members that the latest estimate is that 224 million people, or 26.9% of the population, live with chronic hunger—and given our concern about the significant weaknesses in the EU's initial impact assessment, it falls to this Parliament and this Government to ensure that the FTA secures fair trade.

I congratulate the Government on having been courageous in maintaining their support for aid to India, but that support could be wiped out as a result of the FTA's unfairness. May I therefore briefly suggest a number of things that could be inserted into the treaty to assist in protecting India's rural poor?

First, before the FTA is signed, it should be agreed that the EU and the Indian Government conduct a comprehensive human rights impact assessment, and that should include the principles in the UN rapporteur's right to food. That is in line with a 2008 resolution in the European Parliament, which agreed that such impact assessments should take place before trade agreements are signed.

Secondly, before the agreement is concluded, there should be meaningful consultation with all stakeholders, and particularly the vulnerable, with full openness and transparency. Thirdly, the tariff lines for poultry and dairy products should be exempted in the agreement at this stage. There should also be a mechanism in the treaty for identifying any other products that may need protection, particularly during the transitional period.

In addition, there should be a special safeguard mechanism to enable India to react to sudden import surges. There should also be no provisions in the treaty limiting the right to secure the redistribution of land. Finally, there should be a monitoring mechanism in the treaty to ensure the continuous assessment of the FTA's human rights impact as a result of the trade in goods.

Those provisions are critical. We have a detailed knowledge of what has happened when FTAs have been concluded elsewhere in the world and not been properly scrutinised. They have not only failed to tackle poverty, but undermined the ability of individual Governments to reduce it. Armin Paasch's report for Ecofair Trade Dialogue has evidenced and exposed the fundamental shortcomings of many EU FTA treaties.

It is not often that I pray in aid Peter Mandelson, but he argued in yesterday's *Financial Times* that, before such a treaty is put in place, we have a responsibility to ensure that the domestic capabilities exist to enable it to be used to the best advantage of both the trading partners signing it. That has not happened in this case.

We have a few weeks to resolve this matter. If we do not act at this critical stage, the traditional Indian and UK relationship of good trade, which those of us who have spoken in the debate are urging should continue, could be undermined.

Several hon. Members *rose—*

Mr Charles Walker (in the Chair): Order. I remind colleagues that the winding-up speeches start in 34 minutes.

10.4 am

Tony Baldry (Banbury) (Con): I shall make three brief points. First, following on from the comments of the hon. Member for Hayes and Harlington (John McDonnell), there is no stronger advocate in the House than I of the need for the UK to have a strong international development programme. As a former Chair of the Select Committee on International Development, I think we all owe a duty of care to the very poorest in the world. However, India, which has a nuclear programme and a space programme, and which spends a considerable amount of its GDP on defence, also has a duty of care and a duty to ensure that the growth of its economy is more fairly shared among its people. We should be careful that we do not find ourselves in a position where the west and Europe are somehow expected to look after India's poor, while India's middle and upper classes continue to get wealthier and, on occasions, disregard the poorest in their community.

My second point is this. When I was fortunate enough to be a Minister in John Major's Government, we set up the Indo-British partnership initiative, so there has been no shortage of UK Governments seeking to engage with India and increase trade with it. However, as my hon. Friend the Member for Wimbledon (Stephen Hammond), who introduced the debate, accurately described, we have been falling down the league table very fast. Twenty years ago, we were very high in the league table, but we are now in something like 15th position. Some of the countries that have overtaken us, such as Nigeria, may well have done so because they are selling a lot of oil to India, but some work needs to be done by the Foreign Office, BIS and UK Trade & Investment to analyse why we are falling down the league table. What are other countries doing that is moving them further up it? In part, as my hon. Friend said, it is because the Indian Government still restrict activities in areas of the economy where Britain is strong, such as banking, insurance and legal services. However, that does not, of itself, necessarily explain why we are falling down the league table. We therefore need a solid piece of work and analysis in Whitehall by the Foreign Office, BIS and UKTI as to why that is happening.

My third and final point is this. Yesterday in the House, the Foreign Secretary announced a further round of sanctions on Iran. Two days ago, the Indian Oil Minister announced that India would seek to purchase considerably more oil from Iran, given the lowering of the price of Iranian oil. India has aspirations to join the Security Council, but it cannot show two faces: it cannot show one face to Europe, as a partner to Europe and the international community, and seek to be a member of the Security Council, but then show a different face to some of its neighbours in Asia. If international

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sanctions against Iran are to be effective, every responsible nation must enforce them, and that includes India and China. They cannot take advantage of the fact that the European Union and many other countries are imposing oil sanctions on Iran to seek to purchase cheaper oil from Iran for gold, which would have various other consequences. India must be a full player in the international community if it is to be taken seriously.

Mr Charles Walker (in the Chair): Thank you, Mr Baldry, for your brevity.

10.8 am

Barry Gardiner (Brent North) (Lab): I am delighted to serve under your chairmanship, Mr Walker. In accordance with your guidance, I will try to speak exceedingly quickly. I am delighted to speak in the debate, and I pay tribute to the hon. Member for Wimbledon (Stephen Hammond) for initiating it. He has made many valuable points.

For the past 15 years, I have counted myself, and been counted, as a friend of India. In 1999, I founded Labour Friends of India, which I now once again chair. I set up and currently chair the all-party group on UK-India trade and investment. I declare those matters as interests. I have argued the case for, and often defended, India in Parliament. However, true friends do not just tell us what we want to hear, and today I want to be a true friend of India—yes, praising her development and economic progress, but also highly critical of her failure to achieve her full potential for economic growth.

There is no doubt that India's growth is impressive. Like all the BRIC nations, she has consistently outgrown long-term predictions, with average growth of 7.45% between 2000 and 2011. India emerged practically unscathed from the international financial crash, with GDP dropping only as low as 5.8%—a figure unimaginable to us in the UK during peak periods.

The advancement in infrastructure has been clear to see for those who are frequent visitors, and the UN recently reported that India is on target to reduce her poverty rate from 51% in 1990 to 22% by 2015. The suggestion of the hon. Member for Banbury (Tony Baldry) that the Indian Government are not doing enough to tackle the country's domestic poverty is frankly outrageous. However, of all the BRIC nations, India is the furthest removed from its potential, and the causes of that disparity show no sign of changing soon.

India's failure to reform its markets, deal with the problem of corruption and establish a market conducive to foreign investment means that it has consistently failed to realise its potential for growth. If those structural problems continue to plague India in the years ahead, it will struggle to maintain the current rate of poverty reduction and development, and will stand no chance of building the infrastructure that it will require, just a quarter of a century from now, to deal with what will then be an ageing population.

On regulatory reform, India has consistently dangled the carrot of liberalisation in front of investors, only to renege on its promises and refuse to change. Making promises of reform that remain unfulfilled is more damaging than refusing to reform in the first place. Just last week, the central Government caved in to public pressure and paused the long-awaited retail sector reforms. A recently released study estimated that those reforms would have opened the door to more than $1 billion of foreign direct investment in the food retail sector and increased the size of the organised retail market to $260 billion by 2020. That would have resulted in an aggregate increase in income of $35 billion to $45 billion a year for all producers combined, 3 million to 4 million new jobs directly, and 4 million to 6 million new indirect jobs. The Government also stood to gain by the move and would have expected to receive an additional income of $25 billion to $30 billion, by way of increased tax collection and reduction of tax slippages. That investment is not only on hold, but at permanent risk, as investors begin to question whether India will ever follow through its pledges on liberalisation.

Retail is just one sector where foreign investors are begging for the reforms that will allow them to start pouring capital into the country. Last week I met representatives from the UK's banking, accounting, insurance and legal sectors. They told me that they had been poised to invest heavily in India for decades, but their patience, too, is wearing thin. In the retail banking sector, the largest foreign bank in India is limited to fewer than 100 branches, in a country with a population of more than 1 billion. It considers itself fortunate; the strict licensing laws have until now limited almost all other foreign banks to one branch in Mumbai.

With liberalisation, the banking sector would pour tens of billions of dollars into India. In the legal sector, the limitations are even stronger. No foreign lawyer is allowed to practise in India. The Indian market is dominated by small-scale practices rife with corruption and inefficiency. Liberalising the legal sector would improve productivity, pull billions of dollars of foreign investment into the country and go a long way towards eliminating the graft that stagnates that legal system.

Perhaps the best example of India's hesitance on market reforms, however, is the EU-India free trade agreement—the longest awaited free trade agreement in European history. Time and again, negotiators have made compromises and offers, only for the goalposts to be moved. Despite compromises on medical patents, immigration and other areas, the Indian Government seem as far away as ever from signing.

India now insists that reforms in such areas as financial services and retail are for bilateral agreements, not EU-wide treaties. Those involved in the negotiations from an EU perspective have begun publicly doubting whether India wants to sign the treaty at all. The FTA exemplifies the failure of Indian leaders to grab the bull of reform by the horns, and drag India into the modern global economy.

It is not just market reform and liberalisation that hold India back. On a range of issues including the use of technology, agricultural productivity, education and the problem of corruption, India needs to do more. We know that India can transform sectors when it decides to. The infrastructure strategy for the current five-year plan is astonishing. The Government have predicted that $1 trillion will be spent on infrastructure over the next five years. That means billions of dollars of foreign investment that will revolutionise the infrastructure of the country and prepare it for its future needs in transport, energy and housing. It is just a shame that that bold vision is not repeated in other areas of the economy.

On corruption, Congress has repeatedly refused to take the steps that would not only mark the beginning of the end for corruption in India, but would reassure Indians, as well as foreign investors, that the Government are serious about tackling the problem. Anna Hazare and his supporters have been attacked. They have been deliberately frustrated and undermined by politicians from all parties.

Priti Patel: Will the hon. Gentleman give way?

Barry Gardiner: Other colleagues want to get in, so I will not take interventions.

The most recent version of the Lokpal Bill has question marks over it with respect to the independence of the body it would create and why senior politicians and judiciary should be excluded from its reach. A stronger Bill, which satisfied all the concerns, would have sent the message across the world that India will no longer tolerate corruption and graft.

I reiterate that I outline these criticisms out of concern for India, and in the hope that its Government will indeed make the necessary reforms to enable the country to bloom in the coming decades. But India is by no means alone in its failure to change.

Here in the UK, we have fundamentally failed to realign our trade and investment towards the economies that will offer the best prospects for growth and returns in the future. I praise the focus that the current Government have placed on trade with India, including the Prime Minister's first overseas visit, but we need to do much more.

Between 2000 and 2010, the UK's imports from India rose by 250%, while UK goods and services exported to India rose by 140%. Over the period, India has become a relatively more important trading partner for the UK. UK imports from India in 2010 accounted for 0.9% more than in 2000 and exports of goods and services to India accounted for 0.4 of a percentage point more than in 2000. That is to be expected. As India has grown in importance on the world stage, so it has grown in importance to the UK's overall trade.

However, it is not against the percentage of overall UK trade that we should judge whether trade with India has grown enough, but against the percentage of overall Indian trade. That is the only way to see whether British companies are making the most of the opportunities available in India, and whether the Government are doing enough to prepare businesses and the general population for the shift in the balance of economic world power that will move eastwards in the rest of the century.

Despite growing at such a high rate, between 2000 and 2010 the UK fell from fourth to seventh in the list of India's largest export markets, and was overtaken by Singapore and the Netherlands. Similarly, in terms of import partners, the UK fell from third in 2000 to 22nd in 2010. Most recently, we were overtaken by the Republic of Korea. The UK now provides only 1% of all imports into India. That shows that Britain is falling behind in the world race to provide India's population with the goods and services they want. In our current economic situation, with the lowered demand of our domestic and European markets, we cannot afford that to continue. Our companies must begin to look to India far more as a source of growth and as an essential market for their future survival. The trade delegations and CEO forums will undoubtedly help to close the gap, but the Government need to be much more active in promoting India to British businessmen and entrepreneurs.

There are good programmes, which must be increased in size. The UK-India education and research initiative is a scheme designed to increase links between educational institutions in our two countries. Education is one sector in which India needs huge growth in the coming years, and it also happens to be one in which the UK is a world leader. The scheme establishes relationships between universities, but so far has involved supporting the development of only two new universities in India, and supporting a small number of exchange students.

If we are serious about targeting India as a major source of our future growth, we need to support tens of thousands of Britons to study in India and build the personal and cultural connections that will help them successfully navigate the Indian market in the future. We need to work with all UK educational providers to offer them active assistance in penetrating the Indian market.

My view of the relations between the UK and India is a real masala. I am profoundly hopeful, but also seriously worried. I am hopeful that India will make the changes needed to maximise its growth, eradicate poverty and prepare for the future, but I am worried that the required leadership may come too late. I am hopeful that British companies can take their proper place in the Indian market and help to provide our economy with growth for the future, but worried that UK businesses and entrepreneurs have become too hesitant to grasp the opportunities.

Finally, I note that the high commission does not have a presence here today. That is extraordinary for a debate of this nature on India. I have never known that to happen before, and it shows not only a lack of rudder at the high commission but a downgrading in the mind of the Indian Government of the importance of what we say in this Chamber, and of the UK in India's relationships.

10.19 am

Mark Field (Cities of London and Westminster) (Con): It is a pleasure to be here under your chairmanship, Mr Walker, and in a debate initiated by one of my close friends in Parliament, my hon. Friend the Member for Wimbledon (Stephen Hammond). I will speak, if I may, very briefly.

I have made two visits to India—in 2003 and in 2006. Between those years, there was a change in Government. What struck me was the confidence of the business and political classes in New Delhi and Bombay. I suspect that, six years on, there will be an even greater sense of a country that is forward looking and confident of the future, notwithstanding all of the issues that have been raised by hon. Members in this debate.

Above all, it is important that we do not see India as just another Asian nation. Both UKTI and the Foreign Office have tended to regard Asia as just one area, which is what we tend to do with eastern Europe as well; we see it as an homogenous area rather than recognising its great historical importance.

[Mark Field]

One of the issues that I hear time and again, particularly where our companies are competing against German companies, is that the German embassies based in India, China or South Korea recognise that their role is not to be some sort of propagandist for their country but to drill down and work out who is really important in the local community. Therefore, it is important to have attached to the embassies people who are there for many years, developing long-term relationships.

Keith Vaz (Leicester East) (Lab): Will the hon. Gentleman give way?

Mark Field: If the right hon. Gentleman does not mind, I will not give way, because other Members wish to speak.

There is a lot of doom and gloom at the moment. We have seen today that our economy has contracted by 0.2% in the past three months, which I suspect may be the precursor to a fully fledged recession in this country in the next few months. Clearly, there are major problems in the eurozone market, which are not going to go away any time soon. In fact, I fear that they will be there for a long time to come, because there is not the political will to drive forward. As a result, it is perhaps easy to be gloomy about the economic situation. One of the interesting things about the IMF report yesterday was that it was presented as being very negative, but even the most pessimistic scenario suggested that there would be global growth of 3.3% next year. Indeed, some 4% was suggested during 2011.

In a conversation with one of the two Chinese law firms that have opened in London in the past couple of years I mentioned the global economic recession. A partner, who was a Chinese native with perfect English, smiled and said, "Back home, we call it the north Atlantic crisis". There is a very important lesson for us to learn. Amid all that doom and gloom, let us get out there and recognise that we have great strengths.

In relation to India, some of the important issues have already been mentioned. We clearly have some good connections on the manufacturing side, especially in the technology and bio-technology sphere. There is much that India can teach us. Nehru has that legacy of those five great technology universities that remain a great success.

The Minister has done a phenomenal amount of work in this area in often difficult circumstances. Privately, he knows that I do not entirely support our immigration policy and I suspect that, behind closed doors, he has some sympathy with my views. We need to be a beacon for the brightest and the best. We must encourage young Indian, South Korean and Chinese people to come to this country. If they spend two or three years as students here, they will be ambassadors for this country for the rest of their lives. I am afraid that our policy on the headline figures is wrong. *[Interruption.]* I do not wish totally to eliminate the Minister's career, and I am sure that he has a few words to say.

The Minister for Universities and Science (Mr David Willetts): I completely support the policies of the Government of which I am a Member. There is no numerical limit on the number of overseas students coming to study in Britain, provided that they have the proper qualifications and they are going to attend a legitimate higher education institution.

Mark Field: I do understand that. Will the Minister also recognise, though, that the message is that this country is not entirely open to those brightest and best people? We must have a message that we are open not only for business but for the brightest and best to come to this country.

Paul Uppal (Wolverhampton South West) (Con) *rose—*

Mark Field: If my hon. Friend will excuse me, I will not give way because others really do wish to speak.

As a London Member of Parliament, I believe that if we are to exploit these connections with India, we urgently need to invest in our infrastructure—what I am about to say now will give the hon. Member for Hayes and Harlington (John McDonnell) some satisfaction—which means a 21st-century airport. Even before Boris Johnson talked about an estuary airport on Boris's island, I was a great believer in an entirely new airport. Patching and mending either Heathrow or Gatwick is not the right solution. A new airport will be one of the most positive messages that we can put across. We want to attract the brightest and best, particularly out of Asia. An estuary airport will provide the dozens of flights that we need each and every night to come through from those countries to land in London without disturbing the constituents of the hon. Gentleman or of many other London MPs. Thank you, Mr Walker, for allowing me to make a brief contribution.

10.25 am

Caroline Nokes (Romsey and Southampton North) (Con): I congratulate my hon. Friend the Member for Wimbledon (Stephen Hammond) on securing this important debate and on having led, in September, a parliamentary delegation to India, in which I was fortunate enough to participate. Coincidentally, our delegation went to India at exactly the same time as a delegation of members of the Solent India Business Network. India is a large country and we did not manage to meet up.

I want to draw attention to the work done since 2009 to foster business links and trade relations between small and medium-sized enterprises in the Solent region, which the Minister will be particularly pleased about and proud of, and British business groups in India.

The delegation attended a conference in Pune and a historic memorandum of understanding was signed between the British business network in the UK and the British business group in that part of India. The co-chairmen of the network are a local solicitor, Amarjit Singh, and the deputy vice-chancellor of Southampton university.

Paul Uppal: In reference to the discussion that we had about attracting the brightest and the best, Leeds university is taking a lead on this with a campus in Bhopal. That is one way to get service providers and students working together around the immigration problem.

Caroline Nokes: I thank my hon. Friend for those comments. Pune university has a staggering 650,000 undergraduates, which is an enormous number compared

with Southampton university. However, that does not prevent the two institutions from working together to share business visions and fresh perspectives. My hon. Friend the Member for Cities of London and Westminster (Mark Field) mentioned that young people are the future, and that is exactly the sort of initiative and message that is being promoted in the Solent region.

I am conscious that my comments about Anglo-Indian trade relations will be exclusively positive because that is the experience of the members in my constituency.

Priti Patel: I am delighted to hear that the experience of my hon. Friend's constituents has been positive, because, as we have heard during this debate, things have not always been perfect. Does she hold the view that when Dr Singh comes to visit this country later this year, it is incumbent on our Government to raise some of the barriers to doing business, particularly relating to corruption and the other issues that have been raised here today?

Caroline Nokes: My hon. Friend makes an important point. We cannot focus just on the positives, although they are there and they are important. We must ensure that some of these issues are resolved, preferably before the Prime Minister's visit in the summer.

I hope that the initiative that we have seen in the Solent region is not the first, and that it is something that can be spread across the whole of the UK. I know that UKTI has been very positive in supporting that view and is looking forward to welcoming the delegation from Pune when it comes to Southampton later this year. In short, I regard our relations as wholly positive. I have kept my comments deliberately brief so that other Members can contribute. I hope that the links that we have established in the Solent region will go from strength to strength.

10.28 am

Lorely Burt (Solihull) (LD): My hon. Friend the Member for Cities of London and Westminster (Mark Field) should have no fear about the need to build a Boris island, because we are having our runway extended in Birmingham, in the west midlands, where a great number of members of the Indian subcontinent reside and we will be able to take another 18 million passengers.

The biggest employer in my constituency and a key player in the west midlands in terms of jobs and growth is Jaguar Land Rover. We have heard about corruption, but that company is exemplary. It is a far-sighted company that looks towards the medium and the long term and cares for its employees.

I want to speak briefly about the EU-India free trade agreement. We have already heard about the summit that is due to take place on 10 February. However, despite hopes that negotiations about the agreement will reach a conclusion, it has become clear that the best expected result is a limited agreement on trade in goods. Crucial negotiations on services, investment, public procurement and intellectual property rights will continue. The failure to reach agreement on those areas is a shame, because there are huge benefits for the EU generally in reaching agreement with India. India is a market of more than 1.2 billion people, with a burgeoning middle class and an economy that, according to some statistics, is now growing faster than that of China.

For the UK, trade with India is hugely important. In 2009, it was worth £11.2 billion. Moreover, the UK seems a natural partner for collaboration with India, particularly on education, which has already been mentioned, as well as on low-carbon and energy efficiency development, science and research, and advanced manufacturing, including in the aerospace and defence sectors.

Among the most serious obstacles in the negotiations about the EU-India free trade agreement are the unwillingness of India, first, to include the automotive sector in the agreement and, secondly, to reduce the tariff on car imports, which is currently 100%. India is also unwilling to include wines and spirits in the agreement. For example, our wonderful Scotch whisky receives a tariff of 150% in India. And another obstacle is the reluctance of India to include a sustainable development chapter in the agreement.

I am sorry to say that the EU is also putting in place obstacles to the agreement. They include an obstacle related to mode 4 services, which is a controversial "defensive" interest for the EU. "Mode 4 services" refers to where the EU negotiates the temporary transfer of personnel from a partner country to provide a service within a corporation for a limited period of time. The EU normally only negotiates trade commitments for professionals if they have at least a university degree-level of education. It is a great shame that we cannot allow other people to come into the EU for a limited period when they have skills to bring, including training skills, and when they have a contribution to make to the economy of the EU, including the British economy.

Keith Vaz: The hon. Lady makes a very powerful case for relations with India. I want to make one point. When our Prime Minister and our other leaders go to India for summits, far too often they take "the great and the good" with them. Is it not important that they should also try to take representatives of some smaller businesses, which are the driving force of growth in trade between our two countries? And those representatives of smaller businesses should of course come from Birmingham too.

Lorely Burt: The right hon. Gentleman makes an even more persuasive case by referring to Birmingham. He is absolutely right that small businesses are the generator that is dragging us out of this recession, and the ability of small businesses to access Indian markets is vital. He could not have made a more appropriate point.

Can the Minister say whether the Government will reconsider their position on mode 4 services and come back with an improved offer as a means of unlocking the EU-India free trade agreement, hopefully by the end of this year?

Mr Charles Walker (in the Chair): Wind-ups will start at 10.38 am.

10.33 am

Geoffrey Clifton-Brown (The Cotswolds) (Con): Thank you very much, Mr Walker, for allowing me to catch your eye and speak in this debate. I will follow the lead of my hon. Friend the Member for Banbury (Tony

[Geoffrey Clifton-Brown]

Baldry) and make a few points briefly. I hope that someone else might be able to speak before the wind-ups begin.

The first thing to note is that I think that this is one of the first parliamentary debates that we have had on trade in the past five years, and the popularity of this debate shows the importance of trade. As Britain learned in the 17th and 18th centuries, trade is not a zero-sum game. The more that nations trade, the more that they create prosperity and jobs, so trade is hugely important.

The problem for us is that 65% of our trade is with countries in north America and Europe, but between now and 2020, the gross domestic product of those countries as a proportion of world GDP will decline by 40%. By contrast, between now and 2030, GDP in the BRIC countries—Brazil, Russia, India and China—as a proportion of world GDP will increase by 40%. Basically, we are not trading with the right people; we need to increase our trade with the BRIC countries, whose economies are growing.

I entirely agree with my hon. Friend the Member for Banbury that both UK Trade & Investment and the Department for Business, Innovation and Skills need to do a proper job of work to determine why the UK's trade deficit with India has increased hugely during the past 10 years, as demonstrated by the statistics that the hon. Member for Brent North (Barry Gardiner) has just cited. UKTI needs to benchmark itself against rival successful operations around the world, such as the trade organisations in Germany and Hong Kong, to find out what it could do better to encourage more trade with India and other countries.

Trade is a two-way thing; it is not only about exporting but about foreign direct investment. One or two Members, including my hon. Friend the Member for Stafford (Jeremy Lefroy), have mentioned FDI already. FDI is incredibly important to this country. Why did Li Ka-shing, the Hong Kong property tycoon, invest in Felixstowe, our biggest port, and transform our port industry? Why did the Japanese invest in our car makers, effectively bailing them out, in the 1960s and 1970s? FDI—inward investment—is incredibly important for jobs. Not only do we need to encourage more FDI, but we need to encourage those foreign companies that have already invested here to invest more here than they have already.

I want to mention education. My right hon. Friend the Minister will be interested to know that 38,500 Indian students came here to study last year, but guess what the number was for China: 110,000. In India, 600 million people are under the age of 30—a demographic that will propel India into the world lead for centuries to come. Consequently, we should pay much more attention to educational links with India. I went to the university of Madras, which is one of the "Nehru five" universities. It is emerging on the world stage in terms of its research, including the number of patents that it files. Indian higher education is becoming a really important factor in the world.

I also want to pick up on the point made by my hon. Friend the Member for Cities of London and Westminster (Mark Field) that unless we maintain internationally competitive infrastructure, we will not remain internationally competitive in trade. I am afraid to say that the Government need to rethink High Speed 2. There is nothing wrong with HS2, but there is nothing right with it either. There are much better solutions to the transport problem. We need to think of a holistic approach, which incorporates connectivity right around the country and getting freight on to the railways, which in turn incorporates getting people out of their cars. Having internationally competitive infrastructure is really important.

We also need to think about trade barriers, both here and in India. When I was in India in 2008, there was no doubt that there were still considerable trade barriers in India for our legal services, accountancy services, insurance and banking. Everyone is quite right that, when Manmohan Singh comes to this country later this year, we need to erase those trade restrictions with his country.

Equally, we must retain our own trading competitiveness. There is no doubt that our immigration structures are problematic. I am not advocating to my right hon. Friend the Minister that we should join the Schengen agreement, but we must recognise it as a fact that is limiting our trade. Why did Huawei, which is now the second largest manufacturing company in the world, move its European headquarters from the UK to Dusseldorf? It was because of the Schengen arrangements. We must recognise the fact that we have a problem with our visa system.

Finally, I just want to say again that trade is vital to our country. If we are going to get out of the economic problems that we are in, we must reorient our trade with the rest of the world. Trade is good for our country, and for our companies as well. Between 1996 and 2004, companies that traded increased their productivity by 34% and the average figures for those companies that did not trade showed that their productivity decreased by 7%. There is an overwhelming and compelling case for trade. We need to have more of these debates, and this is an advanced bid for the Backbench Business Committee to consider having more debates on trade.

10.38 am

Mr Iain Wright (Hartlepool) (Lab): It is always a pleasure to serve under your chairmanship, Mr Walker, as I did in the Education Bill Committee. My mother sends her regards. *[Interruption.]* That was a private joke; hon. Members would need to have been in the Education Bill Committee to understand it.

I congratulate the hon. Member for Wimbledon (Stephen Hammond) on securing this debate, which has been excellent. The contributions to it from right hon. and hon. Members have shown how important the economic, social and cultural links between the UK and India are. At the heart of our countries' relationship is our close historic links. However, we should not look at the relationship too sentimentally. Instead, as we have done in this debate, we should assess how increasing trade with India could significantly boost income and prosperity for both countries.

Right hon. and hon. Members have mentioned the links between India and their own constituencies. For example, the hon. Member for Solihull (Lorely Burt) mentioned Jaguar Land Rover, and I will be pleased to meet representatives from the company later today. The hon. Member for Romsey and Southampton North (Caroline Nokes) mentioned the Solent India Business Network. In my constituency, we have Tata Steel, and that combination of Indian investment and Hartlepool

skills provides steel pipes that are exported all over the world, are laid across the globe's oceans and provide prosperity. The North East of England Process Industry Cluster has very strong links with the Indian chemical sector, and delegations have visited the north-east and India in recent years. A focus of this debate has been India's huge potential, and as the global economy moves eastward, the potential for closer trading links with India should not be underestimated or overlooked.

India has emerged very resiliently from the global recession, with economic growth averaging at about 7.2% for 2000 to 2008, slowing only marginally since the world financial crash, to about 6%. The medium and long-term forecast is 8% to 10% per annum. As a result of a growing middle class in emerging markets, it is estimated that international trade and investment will expand faster than general gross domestic product, and that is particularly true of India where robust domestic demand, a high savings rate and a young population all play into the forecast that expenditure will rise fourfold in the next 20 years. We need to be at the heart of that. My hon. Friend the Member for Brent North (Barry Gardiner) said that although trade with India has become relatively more important to us in the UK, it is becoming less important to India. That point needs to be addressed, and I hope that the Minister will give a response.

The fact that India is a parliamentary democracy, with a mature civil service and an independent judicial system, should serve to reassure investors and exporters. One theme of today's debate has been concern about corruption in India, which will compromise potential business investment, and I want to mention last week's ruling by the Indian Supreme Court that Vodafone does not have to pay the tax bill on its acquisition of Hutchison Essar in 2007. My sense is that that demonstrates that the judicial system is independent of the Government, and that should help to provide a huge boost to foreign investors in India. It would be useful to get the Minister's opinion on that matter.

The hon. Member for Wimbledon was particularly strong in saying that we should work to our competitive advantage. We are very good at exporting to India the likes of business and financial services, but we need to do a lot more because we are underutilising our potential. He was right in saying that we are very behind the curve when it comes to things such as construction services and exploiting the huge investment in infrastructure, in the road and rail networks that India will be providing. We need to do a lot more, and I hope that in his winding-up speech the Minister will say how we will broaden the range of export activities that we can provide to India, not just business and financial services but in the fields of construction, chemicals, science and infrastructure.

Mark Field: Another very important area, particularly given the common language—the official language in India is English—is intellectual property. Given the passion for sport, there is an opportunity to export premier league rights and other things. We are increasingly able to export a huge amount of animation and other UK products, not just to India, but to other parts of Asia.

Mr Wright: The hon. Gentleman is absolutely right about intellectual property, and I hope to come in a moment to the matter of legal services.

It has been almost a year since the Government's trade White Paper was published, and the Opposition agree with its broad direction and rhetoric, particularly its focus on emerging markets. I suggest that that journey started under the previous Government and that the present Government are continuing it. In the White Paper, the Government stated that the conclusion of an EU-India free trade agreement was a top priority—a focus of today's debate—and it was estimated that it would produce an additional €4 billion in trade by 2020. We agree that the successful negotiation of a trade agreement is important, but that negotiation has stalled. The White Paper stated that a conclusion was expected by the end of 2011, and I recall that when the Secretary of State for Business, Innovation and Skills made a statement to the House on the White Paper, he specifically mentioned the agreement and said that progress was being made—a fact mentioned by my hon. Friends the Members for Hayes and Harlington (John McDonnell) and for Brent North. Will the Minister update the House on when the free trade agreement negotiations will be concluded? Will they be concluded by 8 or 10 February? What will we see in the agreement? Will it be watered down to the point at which it is meaningless?

The White Paper also states that the Government will work towards a doubling of trade with India by 2015. This is a fairly dramatic objective, although laudable in its ambition, and I wonder precisely how the Government will help businesses to achieve it. That will be difficult, given that the most recent trade figures show a growing decline in exports to non-EU countries, including India. Moreover, the CBI monthly trends survey for December reports that export order positions remain well below long-run averages for the second month running. Companies are stating that present export orders above normal are plus 12, but those reporting below normal are minus 44. Given those concerning figures, will the Minister outline how the doubling of trade, which, as I said, is laudable, will be achieved?

Part of the solution is to encourage and incentivise as many British firms as possible to consider exporting their goods and services to India, but in doing that businesses face several problems, which have been highlighted today. The British Chambers of Commerce's international trade survey found recently that 70% of small and medium-sized enterprises are not current exporters and are not likely to be in the next few years. I agree with the hon. Member for The Cotswolds (Geoffrey Clifton-Brown) that we need to encourage and incentivise trade outside the EU to boost prosperity in our country. What will the Government do to help achieve that? What will the Minister do to address that issue, specifically with regard to India?

A potential barrier is the lack of appropriate finance for exports. The export enterprise finance guarantee scheme has been up and running for about a year now, so will the Minister update the House on how many businesses it has helped, and in particular how many businesses have benefited from the scheme in exporting to India, and the value of the goods in respect of our economy?

I want to talk about regulatory barriers to trade between us and India, particularly in relation to high-value professional services, such as banking, legal services and accountancy. As has been mentioned, we still await the liberalisation for foreign banks and the opening up

[Mr Iain Wright]

of competition to foreign players. That could significantly increase British exports in this field, particularly in parts of India with no banking provision. What work are the Government doing, alongside the World Trade Organisation, to ensure that India's banking system is opened up to competition? There is a similar position regarding legal services. It remains illegal for foreign lawyers to practice law in India, and it is proposed to address that issue in the EU-India free trade agreement, but will the Minister say something about the work being done to come to some agreement on the provision of legal services?

In my profession of accountancy and auditing, there remains a restriction on the ability of global accountancy and consultancy firms, many of which are based in Britain, to use their brand names for auditing and accountancy purposes. The Institute of Chartered Accountants of India has negotiated a memorandum of understanding with the Institute of Chartered Accountants in England and Wales, of which I am a member, which allows members of one body to join the other in certain circumstances. That should boost trade between the two countries. It should provide regulatory and auditing rigour, which should improve corporate governance and reporting, and therefore reassure investors, which in turn would help the Indian market to grow. Given our expertise in knowledge-intensive industries, we have huge potential here, but it would be useful to hear more from the Minister about how he intends to facilitate such growth.

The hon. Member for Cities of London and Westminster (Mark Field) said that we should be a beacon for the brightest and the best, and that brings me on to student visas. I am very pleased that my right hon. Friend the Member for Leicester East (Keith Vaz), the Chairman of the Home Affairs Committee, is here. We have a huge reputation in higher education, but there is a perception that student visas are somehow a barrier and that we are somehow closed for business. Will the Minister outline the discussions that he has had with his counterparts in the Home Office about how that will be addressed?

Close historic and social links have the potential to grow into equally close and mutually beneficial investment, commercial and trading opportunities. We welcome the scope for more Indian direct investment into the UK, while wishing to see our exports grow to ensure that India becomes a more significant partner. Given the strength of feeling and the backing of Members in this debate, I hope that the Minister will be able to outline how UK-India trade will grow still further.

10.49 am

The Minister for Universities and Science (Mr David Willetts): This has been an excellent debate. I congratulate my hon. Friend the Member for Wimbledon (Stephen Hammond) on calling for it and on opening it so effectively.

The Government absolutely recognise that trade between Britain and India is vital as we seek to rebuild and rebalance our economy at home. We are committed to ensuring both that the UK remains a top destination for foreign direct investment and that our businesses engage properly with high-growth emerging markets. As several hon. Members have said, there can be no better example of a high-growth emerging market than India. My hon. Friend put it particularly well when he said that we should not be complacent, because contracts are not won out worked for. We should all remember that motto.

The British Government are therefore committed to making our relationship with India broader and deeper, and that certainly includes the trade area. That commitment was clear in the Prime Minister's decision that his first major overseas visit should be to India, with a delegation of Ministers, including me, and senior business figures. The Prime Minister has made it clear to us that that was not a one-off but part of a process of continuing engagement with India. Indeed, I have been back on two further missions since then involving trade, universities and research.

I welcome the intervention by my hon. Friend the Member for Romsey and Southampton North (Caroline Nokes). She mentioned the Solent India Business Network and the university of Southampton. I can report to the House that I took with me a gift for my Indian opposite number. I remembered that the university of Southampton, as my hon. Friend knows, holds the archive of the Mountbatten papers, including the papers from the negotiations with Gandhi on Indian independence. We politicians are sometimes accused of writing our ideas on the backs of envelopes. The archive includes documents from the period when Gandhi was negotiating with Mountbatten. He had made a vow of silence, so he was not speaking directly to Mountbatten, and I can report that he did indeed write his proposal for the future of India on the back of used envelopes. I took copies to give to my Indian opposite number.

We have historic ties, but this debate has rightly focused on our trade relationship. The British Government are clear that we aim to double trade with India by 2015. That is our objective. To achieve it, we must offer more help to small and medium-sized enterprises to export. We still have an insufficient number of SMEs in the export business. We must help our companies win major, high-value contracts. We need to attract much-needed inward investment, which builds trade links, and to build strategic relationships with key companies. The hon. Member for Solihull (Lorely Burt) made an effective case. We recognise fully that Jaguar Land Rover is a classic example of a key company.

We focus on India not just because we understand its high growth prospects in the abstract but because we have analysed particular sectors where we can see that growth happening. India plans to spend $1 trillion over the next five years on improving its infrastructure. That is a market. It is expected to be the world's third largest car market by 2020; that is another crucial opportunity. Its health care market is expected to triple to $150 billion by 2017.

Several hon. Members have mentioned my particular responsibilities. The Indian Government have plans for 40 million extra university places and for 500 million more people to receive vocational training over the next 12 years. When I have had discussions with Kapil Sibal and other Indian Ministers, they have recognised fully that to achieve those extraordinary ambitions, they must work with others. Who better to help them than Britain, given our strengths in education and vocational training?

Guy Opperman (Hexham) (Con) *rose—*

Keith Vaz *rose—*

Mr Willetts: I give way to the Chairman of the Home Affairs Committee.

Keith Vaz: The Minister, of course, was on the side of the angels when we considered student visas. Is it still the view of his Department, as opposed to the Home Office, that we want more Indian overseas students to come and study at our universities?

Mr Willetts: The British Government have a shared view, to which, of course, all Departments subscribe. Included in that, as I said, is the fact that there is no limit on the number of suitably qualified foreign students who can come to legitimate universities. However, I fully accept the challenge of communicating that effectively, given how the policy has sometimes been reported, not least in the Indian media. One reason why I have paid visits to India is to communicate as clearly as I can that there is no numerical limit on legitimate students coming to legitimate higher education institutions.

Mr Virendra Sharma *rose—*

Guy Opperman *rose—*

Mr Willetts: I am terribly sorry, but I have only five minutes left, and I have several other issues to touch on.

One issue raised by several Members involves the problems that a number of UK companies have experienced obtaining payment for goods and services provided during the Commonwealth games. Some UK companies, most notably SIS LIVE, are alleged to have been involved in instances of bribery, which they have strenuously denied. Several hon. Members have vouched for those companies in this debate. All those cases are being examined by the Indian Central Bureau of Investigation. Until that work is complete, we doubt that any resolution of the matter is possible. All the Commonwealth games cases have been handed over to a group of Indian Ministers, who will decide what needs to be done.

I assure hon. Members who have raised the matter that the British Government are energetically pursuing the concerns of British companies with the Indian Government. The high commissioner met the Indian Secretary for Home Affairs and followed up with a letter. Our Prime Minister has written to Prime Minister Singh about the outstanding payments, and Ministers and officials are working to resolve the outstanding issues. My right hon. Friend the Secretary of State for Culture, Olympics, Media and Sport has written to his Indian counterpart, the Minister for Sport, requesting that the investigation be expedited as quickly as possible. We remain very much engaged with the issue.

Mr Virendra Sharma: Will the Minister give way?

Mr Willetts: I apologise, but it has been a crowded debate. We understand the arguments made by my hon. Friend the Member for The Cotswolds (Geoffrey Clifton-Brown) for more debates on these issues.

I was asked about the EU-India free trade agreement, including by the hon. Member for Hartlepool (Mr Wright). The UK has been one of the strongest supporters of the FTA since negotiations started. We believe that there is now a genuine prospect of concluding an ambitious agreement this year that will deliver significant benefits to UK business, with a potential value of £2 billion over 10 years. We now look forward to the EU-India summit in February, to which several Members have referred, and hope that progress will be made there.

We have made it clear throughout the negotiations that in order to conclude an agreement, it is essential for India to open up markets in key areas such as services, wines and spirits and the automotive sector, which the hon. Member for Solihull mentioned. India's implementation of reform in single-brand retail is a positive sign, but we need more progress on services including multi-brand retail, banking and insurance.

Some Members asked what that will mean for migration. We expect the chapter on international trading services in the FTA to include provisions on the temporary movement of highly skilled professionals from India to the UK and from the UK to India. We recognise that a key element of the UK's offer in trade negotiations is its willingness to admit temporarily to the EU highly skilled professionals under mode 4. However, any such measure must be consistent with our commitment to limit levels of economic migration to the UK. We expect the outcome of the negotiation with India to allow for the operation of minimum salary thresholds and wage parity testing. The Government are strongly committed to policy in that area.

In conclusion, the British Government absolutely agree with hon. Members from all parties about the importance of our relationship with India. That is why the Foreign Secretary has announced the expansion of our network across India, creating 30 new positions. It is a truly cross-Government effort. Our relationship is much wider than trade and investment; we co-operate closely with India on education, science and research. The UK India Education and Research Initiative has now reached a scale of £90 million, and I have launched improved research collaboration with India. We are also researching and working together on climate change and development. We have an increasing defence and security relationship, and we are working with India on international issues.

Despite the global downturn, India continues to enjoy rates of growth that are the envy of Europe and the US, with the north Atlantic problem to which an hon. Member referred. We will continue to work across Government and with the private sector, universities and our Indian friends. We want more UK companies to do business in India, and we welcome those opportunities.

11 am

Sitting suspended.

Postgraduate Education

[MR PHILIP HOLLOBONE *in the Chair*]

2.30 pm

Mr Philip Hollobone (in the Chair): I welcome hon. Members and warn them that we may be interrupted by Divisions in the House. If that happens there will be a 15-minute interruption to proceedings. Let us hope that that does not happen.

Mr Barry Sheerman (Huddersfield) (Lab/Co-op): It is a pleasure to speak in Westminster Hall again, Mr Hollobone, but under your chairmanship for the first time. I hope that I will not need much calling to order during my remarks.

The Minister knows about my long-term interest in higher education and so do my colleagues. I thank my hon. Friend the Member for City of Durham (Roberta Blackman-Woods), truly a good friend and not just formally so, who had the original idea when she asked, "Isn't it time that we talked about postgraduate education?" thereby inspiring me to request this debate, which I am delighted about and lucky enough to introduce.

I introduce this debate with a fair-minded point of view. Many hon. Members know that I have a long-term interest in education. I chaired the Education Committee under its different names for 10 years and particularly enjoyed my time as the Chair of the Education and Skills Committee, when I had a brief covering higher education, stolen away as it was when I became the Chair of the Children, Schools and Families Committee, which did not have the higher education remit. I have missed it.

Many years ago, I started the all-party parliamentary university group, on which my hon. Friend the Member for City of Durham now has a senior position, because it was important that this vital sector in our economy had a good relationship, good conversation and good communication with Members of both Houses of Parliament.

I have a long-term interest. I am now involved in the newly formed Higher Education Commission, chaired by Lord Broers, the first inquiry of which will look at postgraduate education. It is important to discuss that part of higher education because it is a bit isolated—on its own—and we have had a pretty eventful period for undergraduate education over the past months and years. Everyone has been busy looking at student finance for undergraduates, which has led, unfortunately, to our taking our eye off the postgraduate world.

I read somewhere recently that the Minister said—I believe him—that the noble Lord Mandelson could not be persuaded to include the postgraduate sector in the Browne review of higher education. I shall give way to the Minister if he wants to correct me.

The Minister for Universities and Science (Mr David Willetts): In the negotiations that happened under the previous Labour Government, when Lord Mandelson was Secretary of State and I was shadow Secretary of State, I specifically urged that the terms of reference should make it clear that postgraduates, not just undergraduates, were included. The terms of reference included postgraduates, but Lord Browne did not advance any specific proposals. Postgraduates were included in the terms of reference partly at the request of the official Opposition.

Mr Sheerman: It is good to get that on the record. Of course, there is barely a page in the Browne report about the postgraduate world.

We desperately need to consider postgraduate education, because higher education can only be considered holistically. Where do we get our students from? What are the qualifications for getting into university? Who is pitching up to be taught as undergraduates in universities? How difficult is it for children of all the talents to get into university and higher education, even into elite research institutions? We have concerned ourselves with many things to do with universities and will continue to do so.

In respect of the changes under the Browne recommendations and the coalition Government's implementation, there has been a fundamental shift and change in the situation for undergraduates. I will make my remarks today pretty much on an all-party basis, so there will be no hauling over the rights and wrongs of that. We are where we are, but to deny that the new situation for undergraduates does not have real implications for the postgraduate world would be foolish.

In a sense, we are in a bit of a policy vacuum in respect of postgraduate education. I urge the Minister and the Government to set themselves the task of filling that vacuum with something that is innovative, informative and positive. The fact is that, taking the dismal view of the situation at the moment, it might be said—in terms of economics being a dismal science—that the health of our research base could be threatened. The universities are some of this country's greatest assets. Indeed, if universities were taken out of many of our towns and cities, they would be in a parlous state.

Any hon. Member who saw this week's review of the health of cities will know that, although there is not entirely a correlation, a city without a university is likely to be in the lower percentile of success as a city. I am greatly concerned about our universities being threatened in any way. My wonderful university of Huddersfield is the largest employer in the town. It is a vast, expanding and developing university in the top 10 for employability and for widening participation. It is debt-free, successful and is developing and expanding, with strengths right across the arts, the sciences and design—in almost every subject that can be thought of—but with a practical bent in most departments.

Looking across the university estate, the problems faced by postgraduate education are different depending on where it sits. Universities are at the heart of our national wealth and well-being and are absolutely at the heart of the likelihood of our economy remaining diverse and successful. I shall speak about the threat to our research base, particularly in respect of the science, technology, engineering and mathematics subjects—big science—and will come to that in a moment.

Higher education is going through a period of uncertainty and change, with the new funding arrangements coming from the Browne report and the reduction in funding for teaching—the £9,000 cap. That is the situation that we are in.

I would be happy if the Minister mentioned something that we all discussed at some length when the Government produced the White Paper, "Higher Education: Students at the Heart of the System". I told the Minister that I was a bit worried about that, because he kept saying that students had to be in the driving seat. When I worked for a living—*[Interruption.]* That is supposed to be an amusing aside. When I worked for a living I used to be a university teacher and I have reflected on the fact that, when students pitched up to be taught by me, I expected and thought that teaching staff were in the driving seat. Sometimes our job was to be quite nasty to undergraduates if they did not work hard enough or did not take their courses seriously enough. Part of the university experience is to get some pretty good, firm advice. I was worried that, with the White Paper, we seemed to be moving into a rather soft world, where we treated students as the consumer and the consumer could do no wrong, and we would have to dance around and provide nice soft courses and a lovely three years before students were ushered out into the wide world.

A lot about the students quite worried me, but I was waiting with anticipation for an education Bill. Suddenly, to my great surprise, shock, horror, I had to reach for my iPad and tweet. That is how serious it was. An early tweet—that method of communication provides early news—informed me that there would not be an education Bill any time soon. Today is a splendid opportunity for the Minister for Universities and Science to put us right. There have been rumours that a Bill will not be presented for two or three weeks, two or three years, or until 2013-14. There are also rumours that the Liberal Democrat part of the coalition has said, "No, no, no", and that it will not be this side of an election. If the Minister wants to enlighten us, I will happily give way.

Mr Willetts: The Government will set out authoritatively our position on how we will implement our reforms in the White Paper very soon, but not in response to the bait being offered by the hon. Gentleman at this very moment.

Mr Sheerman: I think the Minister has gone as far as we can persuade him to go. Perhaps there is time for reflection, because there was almost nothing about postgraduate research in the White Paper, and perhaps this is an opportunity to cover that. If the higher education sector is not considered holistically, something is very wrong indeed. It should be considered from when students are recruited right through to PhD, doctorate and post-doctorate level.

I am sure, Mr Hollobone, that you took part in the Royal Society's twinning scheme between research scientists and Members of Parliament. It was one of my most enlightening activities as a Member. One realises what a precious resource it is when young people have come through university, obtained a brilliant first degree, are encouraged to go on to a master's degree, followed by a full research doctorate, and then post-doctoral work. In my placements when I have been part of the scheme under the last Government and now, it is a worry that if there is no continuous educational progression, the research stream starts to dry up. Post-docs get to a stage when they are getting on bit, they are married, they have a couple of kids and they are finding it hard to maintain a decent standard of living, and if there are no full-time scientific research positions or academic posts that are well paid, or relatively well paid—we are not talking bankers here—the whole system starts to look very thin indeed.

Rehman Chishti (Gillingham and Rainham) (Con): I congratulate the hon. Gentleman on securing this important debate, and on his excellent work on the matter over many years. On research, does he agree that we must pay tribute to the excellent work of the seven UK research councils which, with the research charities, do a fantastic job in providing support and funding for postgraduate research in innovative areas?

Mr Sheerman: I am happy to do that. The research councils are a brave body of men and women, and they are going through tough times, because they are eking out research grants to many people who need and deserve them. It is a tough time to be entering the postgraduate world. They are in the firing line for saying yes or no, and too often it is no.

Paul Blomfield (Sheffield Central) (Lab): I thank my hon. Friend for giving way on the specific point of the research councils. Will he note the comments by Research Councils UK in 2007—the Minister laughs, but I do not think it would change its view now—when it argued:

"There is a critical need to grow postgraduate research...in the UK in order to counter the demographic 'time bomb' of an ageing population of academics in some disciplines"

and that without

"a strategy to address this, there will be serious implications for future retirement and replacement needs"?

There remains a concern that there is no strategy.

Mr Sheerman: My hon. Friend is absolutely right, and that is why I keep pleading for higher education to be considered holistically through the career path of senior researchers and academics to retirement, and to consider the demographics of that. My hon. Friend makes the strong point that we must keep refreshing and replenishing that stock all the time. Many of our senior academics are approaching retirement age in a bunch as the demographics work.

When it is announced that one has a debate such as this, information pours in from all over the place. I pay tribute to Universities UK, the Russell group, the '92 group and others who have furnished me with excellent background material. I was reading about some of the important things that we do in the research community: employer engagement, research, executive education, knowledge transfer, regional partnership building, and so on. But I return to teasing the Minister about the policy vacuum.

Let us look at the history. In March 2010, the Adrian Smith review, "One Step Beyond: Making the most of postgraduate education", was published. What has happened to it? Sir Adrian has been pulled in—I am sure he did not have be pulled in, but was delighted—to talk to the Minister, who has got his team together again for at least one meeting. Will he enlighten us on whether that review is going anywhere in influencing Government policy? That would be useful.

I want to dwell on the rather dark side of the argument. Higher education and the postgraduate world are heavily dependent on a particular market, and when I was

[Mr Sheerman]

Chair of the Education Committee, I looked at the international market in higher education. The Committee learned that it is intensely competitive. Universities all over the world compete, and five years ago the main competitors were the United States, Australia and emerging countries such as India and China, sometimes in partnership with UK and US universities. It is a very competitive world, and includes Saudi Arabia, India and Germany. The Germans and the Dutch are now teaching postgraduate and undergraduate courses in English to attract a broader audience. If the income from international students were taken out of higher education, we would be in a sad state indeed.

That market is heavily dependent on taught postgraduate work—the one-year or two-year master's degree. It is highly competitive. As a member of the court of governors of the London School of Economics, I know it very well. It is highly competitive, and there is no cap on fees, which are very competitive. At the lower end, there are some good cheap bargains in higher education in the UK. At the higher end, a business master's degree in some of our better-known departments of management will cost a lot of money.

Growth in the number of international students, great threat from competition, and—I do not want to be partisan—a slightly clumsily organised change in the visa arrangements have had an impact on some good institutions. I am the first to say that there were some dodgy players pretending to be respectable colleges, and we could have used a little more finesse in weeding out the obvious cowboy operators without impacting on the serious players in higher education, but there is no doubt that visas have been a difficulty, as have the cuts in teaching grants. We have no tuition fee loans for postgraduates, and the research councils cannot help with that.

Rehman Chishti: Does the hon. Gentleman agree that the Government made it clear that they are committed to supporting funding? They said that they are

"maintaining the annual £4.6 billion budget for science and research programmes with £150 million each year supporting university-business interaction."—[*Official Report*, 8 December 2011; Vol. 537, c. 35WS.]

In these difficult economic times, the Government have made it clear that they are committed to supporting that funding.

Mr Sheerman: I do not want to be very party political today, but I will be party political in the sense that I still do not think that that is good enough. There is a problem with overall cuts in funding. The view that we are all in it together and so everyone has to stay at the same point is one with which I have never agreed. Why do we have to kill the goose that lays the golden eggs? We need only look at the international competition and how much money is being put into research and development, higher education and postgraduate education worldwide. This is a time when we should be being as ambitious as anything because the payoff, the return to the community, in relatively fast terms is very large. There is a great bonus to be had from moving in that direction. I understand what the hon. Gentleman says, but I think that for higher education, every bit of investment is very worth while.

I do not know the hon. Gentleman's constituency and community, but in mine, investment in the university is the one way in which we will get regeneration. I cannot remember his constituency, but I have been telling the Government for a long time, because people ask, "Are we in recession or aren't we?", that outside London and the south-east, we have been in recession for a long time, and if it was not for the universities, heaven knows where we would be, so any bit of investment in research in universities and any bit of investment that encourages participatory working with small and medium-sized enterprises in our regions is worth while. I would have thought that any Government in their right mind would be pouring money into that.

Roberta Blackman-Woods (City of Durham) (Lab): My hon. Friend is making an excellent speech. On regeneration, is it not the case that we will not be able to grow our economy unless we invest in higher-level skills, and that is what postgraduate education is all about?

Mr Sheerman: As ever, my hon. Friend is absolutely right about that. I want to gallop through the last part of my speech.

Rehman Chishti: I am most grateful to the hon. Gentleman for giving way again; he is very generous and always has been. He raises the issue of universities in different parts of the country. There are four universities in Medway, with 10,000 students, and they do a fantastic job. The point that I want to make to the hon. Gentleman was made to me by Professor John Williams from the university of Wales at Aberystwyth. He said that much of postgraduate funding comes from outside the block grant, and to increase funding, people have to go out there and get more funding from industry and benefactors coming into postgraduate education. What more does the hon. Gentleman think needs to be done to get that funding?

Mr Sheerman: I will not be tempted by that question because I intend to talk about that issue at the end of my speech and I would ruin it if I did so now. It might surprise people in Westminster Hall this afternoon, but there is some shape to my speech—a little. Let me gallop through the rest of it. I will come to the hon. Gentleman's point, I promise.

At present, there is one great danger—well, there is more than one, but let us start with this one that I have picked up over the years. I want as many UK-based students as possible to come through as postgraduates, as the researchers of the future, but too often, I am looking at departments—even the big science departments of the big science universities—that rely too much on overseas students. In science and engineering, students come particularly from China and India. In other subjects, the students are very often from the United States. People can see the statistics on that. UK students are increasingly coming through with high levels of debt—EU students are also pretty stretched in the present economic climate—and I worry that those high levels of debt may be putting them off further study. There is the belief that debt levels will be much higher in the future. Whether they are right or wrong, they are thinking, "Can I afford to go on into postgraduate education and then the commitment of a doctorate and all the rest?"

I become very worried when I look at the statistics and I hope that the Minister will come back to us on the matter. Is he content with the number of UK-based students, particularly in the challenging subjects to which I am referring? We have to have a high density of scientists and clusters of scientists in our country. In particular, is he confident that we will be breeding the postgraduates that we need—tomorrow's researchers?

We want to keep up the research dynamic in our country. We want to keep up its international excellence. We still have it. We find it very easy to do ourselves down in this country. We say, "Oh, it's all terrible." It is not all terrible. We still have fantastic universities that have the top ratings in the world. However, it is possible to become a little complacent and then suddenly our institutions become less attractive, not just to overseas students but to the high-level, high-calibre scientists who we want to come and work in them as part of the teams there. We must keep up the research dynamic if we are to have international excellence.

I am also worried about access to postgraduate education. As Alan Milburn said in his report on social mobility, are we getting into a situation in which only kids from very wealthy backgrounds can contemplate staying on in education long enough to push their talent to its furthest potential? That really worries me. Will we be in a situation in which many bright young people from less well-off backgrounds are put off staying with a science or a social science? Will they be put off staying in education long enough to be part of a successful research future?

Let me return to the point made by the hon. Member for Gillingham and Rainham (Rehman Chishti). I am totally in favour of partnership between researchers and industry. I think that it is fantastic. People can see that I am in my best suit today. This is real Huddersfield cloth. Not many people could afford it, but I am the Member for Huddersfield and am in a privileged position. I should not drop names, but the reason why I am wearing it is not that I am in your company, Mr Hollobone, but that I am having dinner this evening with Lord Bhattacharyya. He is one of the great exponents of partnership across universities. He built Warwick as a partnership university and has had great success.

I believe in partnership, but I also believe in free science. I believe in academics having the freedom to conduct science that has nothing to do with likely commercialisation. That is what I call free science—science for its own sake, or the subject for its own sake. It could be social science; I am a social scientist by training. It should be able to go somewhere where it does not have to be sponsored and does not have to have a tag saying that it might be useful to some institution, lobby group or whatever. The fact is that we will be a poorer nation and will cease to be a high-science nation if we do not have what I call free science. Free science research must be at the heart of what we do. That is not to gainsay at all the wonderful relationships that do other kinds of more applied science.

This is an important debate. I am sure that the other hon. Members present will say much more profound things than I have said, but there is a policy vacuum that needs to be filled. We need a sense of direction for the future of postgraduate education and research in this country. We also need to know that our research universities have a healthy future and that anyone in our country who has talent and the potential to contribute to that will be able to do so.

Mr Philip Hollobone (in the Chair): The hon. Gentleman may be wearing a suit made of cloth from his constituency. I am wearing shoes made by Cheaney's in Desborough in my constituency. I am sure that we both appreciate each other's attire.

Mr Speaker has received a very nice handwritten note from Paul Blomfield, so I call him to speak next.

2.59 pm

Paul Blomfield (Sheffield Central) (Lab): Thank you, Mr Hollobone. I appreciate Mr Speaker's recognition of my efforts to be called today. It is a delight to contribute to the debate under your chairmanship.

I congratulate my hon. Friend the Member for Huddersfield (Mr Sheerman) on securing this debate. There is concern across the sector, which, I think, has been shared by the Minister, over the lack of attention that has been given to postgraduate education in the whole debate about the future of our universities and our higher education system and in the higher education reforms. I am not sure where those reforms stand now in the light of the announcement in *The Daily Telegraph* yesterday of the Government's new position, to which the Minister has not added much clarity, but I am sure that he will come back to it later in the debate.

Postgraduate education issues and the failure of the Browne review to look at them were matters that I raised with Lord Browne when he appeared before the Business, Innovations and Skills Committee. It was clear that he did not have the inclination to examine postgraduate study, despite recognising in his earlier evidence that what happened in one area of the sector was important to the other areas. In one of those bizarre moments in our fairly long discussion with Lord Browne, he said that we had to understand the interdependence in the sector. What we do in one part of the sector has an impact on another part, he said. He told the Select Committee that he did not look at postgraduate education in anything other than in the most cursory way. Instead, he pointed to the postgraduate review chaired by Sir Adrian Smith and said that it would tackle the issues, and indeed it did in many ways.

When the Smith panel published its report in March 2010, it identified four significant challenges: promoting the value of postgraduate study to both potential students and employers; ensuring that sufficient emphasis is placed on skills, development and employability; crucially, considering barriers to the access and availability of financial support; and, finally, providing key information better to inform student choice, which has been at the heart of the Government's narrative.

Not unreasonably, there was an expectation that those issues would be addressed in the White Paper on higher education. Surprisingly, though, they were not addressed, and the White Paper declares an intention to revisit postgraduate funding as the new system of undergraduate funding beds in. Universities UK said that that approach

"does not address some of the challenges the sector faces in maintaining postgraduate provision in the meantime, not least because of the withdrawal of elements of HEFCE teaching funding from as early as 2012/13."

[Paul Blomfield]

My hon. Friend has convincingly made the case for postgraduate education. It is an important part of the higher education sector. We have some of the top universities in the world, and our postgraduate education has an international reputation. It makes a vital contribution to the economy and is a major foreign export earner.

Over the past decade, the number of taught postgraduate students has grown significantly—around 40% since 1999. Taught postgraduate students now make up around 20% of the total student population, rising from 17% a decade ago. Much of that growth is attributable to international student recruitment—it certainly was before the visa changes—and to a growing number of young, under 25-year-old, UK students. There was nearly a 16% increase in the number of under-25-year-olds going on to postgraduate taught study between 2008-09 and 2009-10. One of the key reasons for that, which was confirmed by the postgraduate taught experience survey in 2010, was that they wanted to distinguish themselves in an increasingly competitive employment market and to improve their employment prospects.

In advance of today's debate, I talked to academic and student leaders at the two fine universities in my constituency—the university of Sheffield and Sheffield Hallam university. I spoke to the vice-chancellor of Sheffield, Professor Keith Burnett, who the Minister knows and, like me, respects as one of our outstanding academic leaders. I asked him, "What would be the key points that you would want us to focus on in our discussions this afternoon?" He said that his concerns were twofold, and that they were both about access. First, professions that require postgraduate work, such as law and architecture, will have an increasingly more biased social mix, as the effect of undergraduate loans bears down on applicants from a widening participation background. Secondly, many areas in arts and humanities rely on self-funded students for department income and for training future university teachers. He said that that will lead to universities being staffed by those from more privileged backgrounds.

Professor Keith Burnett's concerns were echoed by Thom Arnold, student president at Sheffield university. He said that his main concern relating to postgraduate education

"is funding and widening participation, in particular related to the impact of rising prices for postgraduate courses without a funding system in place"—

I hope the Minister will talk about that issue—

"and what impact this will have, particularly on people from lower socio-economic backgrounds. We are concerned that people will be priced out of postgraduate study, and as a result will also be unable to access professions where a masters is a prerequisite. We see a clear need for a review of funding and support arrangements for postgraduates with a view that this review will lead to the development of income contingent loans for postgraduates."

Reflecting on a point in the Smith review, which I hope the Minister will also address, he said:

"Another area is access to information and guidance. The White Paper aims to put students at the heart of the system by providing more information to undergraduates with the key information sets. However, potential postgraduate students still remain largely in the dark when applying. Despite the limitations of key information sets, an attempt to roll out a KIS style for postgraduate taught students would be positive."

Jake Kitchener is student president at Sheffield Hallam university and represents students drawn from a different demographic. He had the same concerns but raised an additional point. He said:

"We think it's disgraceful that there is still no financial provision for those wishing to take up postgraduate study. I have spoken with students who have saved in excess of £10,000 just so that they can afford to go to university. The alternative is a graduate development loan, but it isn't available to prospective students with a low credit rating, and when the student finishes it is a huge burden."

Importantly, he said that mature students, who are a significant component of Hallam's demographic mix, are not taken into account. He said:

"Those returning to study may have families, mortgages to pay and a reduction in income as they dedicate time to their studies. However, currently there are no systems in place to aid postgraduate study. Returning to education is a positive, but currently there is no student funding support to anyone that wants it. It's a regressive system and our postgraduate students feel disregarded and hard done by."

Those views are confirmed by a survey undertaken by the National Union of Students, which said that 60% of those whom it surveyed—a large sample—claimed that accessibility of finance or funding was a major factor on deciding whether to undertake postgraduate study. Some 67% of those whom it spoke to were entirely self-funded through a combination of savings, earnings, family loans and, in 15% of cases, overdrafts or credit cards. It also found out that self-funded students, who had often made the greatest effort to undertake that programme, were more likely than funded students to consider leaving or suspending their studies because of the financial pressures.

There is a crisis in postgraduate education funding. If it is not effectively addressed, we can expect to see mounting costs leading to decreased demand, closure of courses and increased reliance on international postgraduate income, which, however welcome in itself, should not be a substitute for the opportunities for UK students. Crucially, the UK population's skill levels could decline, when we need higher-level skills to support growth and the knowledge economy, as the Minister will agree.

As my hon. Friend the Member for Huddersfield said, the crisis that we face in postgraduate education funding is due to two key factors: the impact of undergraduate higher education funding reforms, with which the Minister will not necessarily agree, but on which I would welcome his comments; and the impact of international student visa changes, with which I guess that he would agree, although he probably will not admit it. It is certainly true, as my hon. Friend said, that those changes were pushed through clumsily, and they could have been finessed better. We should have sought to deal with the issue not on the demand side, by discouraging applications, but on the supply side, by cracking down on the bogus colleges that have been mentioned.

The debate is not, however, just about postgraduate taught-course funding. Postgraduate taught courses, in particular, are a critical route to undertaking research programmes. As the million+ group of modern universities points out, students undertaking postgraduate qualifications not only provide future staff potential, but add significant value to our universities and the academic communities of which they are a part. As I said in an intervention, we need to recognise the concern that Research Councils

UK has expressed about the demographic time bomb in our ageing academic population. If our universities are to play the role that my hon. Friend rightly talked about, that issue must be addressed.

Like my hon. Friend, I feel passionately about the role our universities can play in our economic future. Sheffield is a city with a fine industrial and manufacturing history, but it is seeking to identify a new way forward in a changing economy. The critical way that it can do that is by combining the innovation and research expertise of our universities with the traditional manufacturing skills in our city. As the Minister will agree, there is no finer example of that than the Advanced Manufacturing Research Centre at Waverley. That initiative was the work of the university of Sheffield and its key partners, Boeing and Rolls-Royce, and it has led to extraordinary innovation in manufacturing, but it came about only because of the sort of research capacity that we need to cherish.

In conclusion, I hope the Minister will spell out how the Government plan to address the four issues identified by the Smith review: promoting the value of postgraduate study; emphasising skills development and employability; critically, overcoming the barriers to financial support; and providing key information to enable student choice.

Mr Philip Hollobone (in the Chair): I understand that Roberta Blackman-Woods has a postgraduate degree, represents a university town and is married to a professor. Even though she is dangerously overqualified, I am going to call her next.

3.13 pm

Roberta Blackman-Woods (City of Durham) (Lab): Thank you, Mr Hollobone. It was very kind of you to make those comments. May I say what a pleasure it is to serve under your chairmanship?

I congratulate my hon. Friend the Member for Huddersfield (Mr Sheerman) on securing this timely debate and on his excellent speech. I also congratulate my hon. Friend the Member for Sheffield Central (Paul Blomfield), who gave such an excellent speech that I am going to repeat some of it.

Postgraduate education is important in a number of different ways. It is important for the individuals who undertake study, because they can improve their employment opportunities, become the innovators of tomorrow and contribute to business development and to solving some of the economic and social challenges facing our country and others.

Postgraduate education is therefore important for individuals, but it is also important for universities, as my hon. Friend the Member for Huddersfield mentioned. Universities obviously benefit from the strengthening of the academic community that results from having postgraduate students. Indeed, I regularly see postgraduate students at Durham university bringing forward ideas, linking them into the work of academic programmes and teams and really taking those ideas in a new direction. That is very exciting for universities.

Increasingly, however, postgraduate education is also a marker of Britain's academic standing in the world. I see a lot of postgraduate students in Durham from overseas, and they contribute to not only its international community, but its international research teams. Increasingly, that is how research develops in this country, although we mostly see it in science and engineering subjects. Those students are critical to not only securing economic growth, but helping to deal with some of our challenges.

The UK is second only to the United States in attracting international students, so it is important that we ask the Minister some serious questions about whether we will be able to maintain that international standing and whether new procedures or policies will need to be put in place to keep our standing as high as it is. Concern has been expressed in the academic community about whether we will be able to do that.

I thank the Minister again for attending the recent meeting of the all-party university group, when we looked at the White Paper. We really appreciated the time he spent talking to us about it. I hope that the session was not a complete and utter waste of time and that something from the White Paper will emerge in a Bill at some stage for us to consider. As the Minister will know from that session, a number of vice-chancellors have expressed concern about postgraduate study and wanted to hear more from the Government about how it would be strengthened. Indeed, million+ has said that there is a real risk that we will move into a period of decline, particularly in terms of UK-domiciled postgraduate students. Does the Minister share that concern?

There are two big issues with regard to postgraduate education. One is access, which several people have mentioned, and the other is financing. The Milburn report, which was called "Unleashing Aspiration", addressed access and said that postgraduate qualifications

> "have increasingly become an important route into many professional careers—in the law, creative industries, the Civil Service, management professions and others. But these courses are substantially more expensive than undergraduate degrees—often costing up to £12,000 per year—and there is no student support framework equivalent to the framework for undergraduate. New proposals need to be formulated to establish a clear, transparent and fair system of student financial support for postgraduate learners."

That throws a real challenge out to the Government. If they are really serious about higher education contributing to social mobility, it should not stop at undergraduate level, and we need to look at postgraduate level.

While I am on my feet, I would not like to miss the opportunity to say that I am glad that the Milburn report did not think about widening access to higher education just in terms of getting some—a few—bright students from lower-income backgrounds into Oxford and Cambridge. It considered the wider issue of making higher education available across the piece to low-income students and, importantly, put the issue of postgraduate education on the agenda. I hope that the shadow Minister as well as the Minister will speak about that issue.

There is growing concern about access. I come from a low-income background and did several years of postgraduate study, but I am not sure whether that would be possible now for someone of my background. That is of concern to us. In researching the issue we could not find any study with up-to-date figures about the diversity or lack of it in postgraduate education, or about the current barriers, and we could not discover whether under-represented groups have been considered specifically. Perhaps the Minister would comment on that.

[Roberta Blackman-Woods]

Before the Labour Government left office in March 2010 the Department for Business, Innovation and Skills put forward a series of recommendations on improving postgraduate education, in "One Step Beyond: Making the most of postgraduate education". To be fair to the Minister, that report and its recommendations did not just fall off a precipice, which has happened in other contexts. They were brought back in the Government's response to the postgraduate review, and the recommendations are almost identical. Obviously, those are excellent recommendations. One, for example, states:

"Universities UK and Research Councils UK should do more to identify and promote the economic and social value of postgraduate study."

The response also states that attention needs to be given to funding. Some specific proposals are mentioned about getting research councils to work with other bodies

"to offer longer periods of postgraduate research"

so that perhaps students can earn income as well. I am sure that hon. Members will be pleased that I am not going to go through the list, as there is not time; but are those proposals being addressed? They seem to offer at least a partial way forward for improving access to higher education and the funding regime.

I also want to ask whether the Department has thought about what recent changes in undergraduate student finance and funding would mean for postgraduate education. The withdrawal of about 80% of teaching funding in England is affecting postgraduate courses, and possibly making them more expensive. In addition, students will finish undergraduate courses with a level of debt that may make them less likely to take up career development loans, in particular, or additional debt to undertake postgraduate study. The National Union of Students says that that is a real worry; in its view the average postgraduate taught fee will rise by about 24% by 2012-13. That could obviously add a disincentive.

My hon. Friend the Member for Sheffield Central also pointed out valuable work by the NUS in surveying current postgraduate students about their financial circumstances. It is worth repeating a few of the points that were made. The survey, carried out in October 2010, was a large one, and 60% said that accessibility of finance or funding was a major factor in deciding whether to undertake postgraduate study. That figure rose to 70% among respondents studying full-time. The 67% who were entirely self-funded were very concerned about debt, overdrafts and credit cards. Self-funded students were also more likely than funded students to consider leaving or suspending their studies, owing to financial concerns. I want to raise that with the Minister, because the more we rely on self-funding, the more students may drop out, as they are just unable to carry on with their studies and raise the necessary income. Fifty-two per cent. of those in receipt of financial support said that postgraduate study would not have been an option for them without it. From my experience I would also make that point.

There are two big challenges: access and funding. Addressing those issues is important, because, as hon. Members have said, not only is postgraduate education important for individuals and universities; it is essential for the country to invest in it, if we are to grow our way out of the economic crisis. If the Minister needs evidence for that he need only read the Centre for Cities report produced a few days ago. It made clear the link between growing a knowledge-based, higher-level-skilled economy and being able to ride out economic downturns. We need that to happen here: beyond the five cities that were identified in the report as potentially doing well, we need universities and research to be at the heart of economic regeneration. I look forward to hearing from the Minister how he will ensure that that happens.

Mr Philip Hollobone (in the Chair): Even though Luton Town twice beat Kettering Town 5-0, both home and away, this season, I am still pleased to call the hon. Member for Luton South (Gavin Shuker).

3.27 pm

Gavin Shuker (Luton South) (Lab/Co-op): I am particularly grateful, Mr Hollobone, to serve under your chairmanship, and also that you have taken out the bulk of my speech by mentioning those historic victories by the Hatters over Kettering.

Many of my colleagues in the Opposition have raised pertinent points, and I congratulate my hon. Friend the Member for Huddersfield (Mr Sheerman) on obtaining the debate. I want particularly to focus on a couple of areas linked to my experience. I am grateful that I do not have to declare an interest. I am not a postgraduate graduate—or rather, I suppose I should say I am not a postgraduate. If I had been to university for postgraduate education I might have known the exact way to say that. I was born in Luton and went to Cambridge to attend one of the finest universities in the country. *[Interruption.]* Indeed—I will not repeat the remark made from a sedentary position. I really enjoyed my time at Cambridge, but chose to move back to Luton. When I left, the university of Luton was established; today it is the university of Bedfordshire. Alongside the other modern universities in this country, the university of Bedfordshire is doing incredible work in the postgraduate field. I think that sometimes a lazy shorthand is employed by people who perhaps are not as engaged in the debate as the hon. Members present today, who assume that the bulk of postgraduate education goes on in Russell group universities. The role of modern universities today is hugely interesting. My wife, Lucie, who would want me to point out that she is much smarter than I am, has spent most of the past decade in postgraduate education, and is now a research fellow at the university of Bedfordshire. I met her at the university of Cambridge, and I have witnessed at first hand the work done by the funding councils. I am grateful for it, having been a penniless student myself for most of my twenties.

The broader context of the debate is hugely important. The first thing to say is that there is a growing requirement for graduate qualifications, and Labour colleagues have raised that issue already. We need to compete with the world and that requires us to expand graduate qualifications in this country.

There is high graduate unemployment and underemployment. We know that this crisis is particularly affecting young people in the economic situation that we are in. Upskilling and obtaining graduate qualifications can be a good route through which to ensure that we—as an economy and as individuals—are able to pull out of the nosedive that we are in.

However, the 80% cut in teaching funding has also knocked on to affect postgraduate teaching, even though it was directly aimed at undergraduate teaching. In a sense, there are no Chinese walls. Many of the teachers at postgraduate level are also working in the undergraduate field. When we lose a teacher, or a teaching place, that loss is felt right across the university sector.

Of course, it is worth pointing out that the Government draw from the pool of postgraduate education and, in many cases, directly fund postgraduate education. I do not know if it is in order, Mr Hollobone, to speculate on the number of doctorates held by people in Westminster Hall today, including the civil servants and Clerks, but I will. I know that there are certainly MPs in Westminster Hall who are "doctors", but I also know how little help they would be if I stubbed my toe on the way out. I am sure that there are people with doctorates and other postgraduate qualifications present right here in Westminster Hall, who feed directly into the machinery of Government.

Let us also look, for example, at the Department for Education, which directly funds the postgraduate certificate in education. We are already seeing that there are changes being made in that system, for instance the reduction in bursaries. Similarly, the Health and Social Care Bill will take away the requirement to train and develop doctors, nurses and others from the strategic health authorities, and it will pass that requirement to GPs.

In the broader context, therefore, a lot is changing in the postgraduate world. There is not only the reduction in funding to consider but the direct action that the Government can take to fund postgraduate qualifications.

Much of the training for those qualifications takes place in our modern-day universities. My hon. Friend the Member for Huddersfield made a very good point when he said that even if there is not a policy vacuum right now—perhaps there is a series of ideas that are being worked through to an ultimate conclusion, which we will hear about in time—it seems that there has been much focus on undergraduate education and much less focus on postgraduate education.

I spoke about modern universities right at the start of my contribution. What do they do? They support a large number of postgraduates; about two in five postgraduate qualifications are gained in our modern universities. They also provide much greater support to part-time graduate students than older universities; they are the ideal place for part-time students to be working in the postgraduate field, so that they can put their skills back into business and learn on the job, as it were. One in two of the postgraduate qualifications obtained by part-time students is obtained at a modern university. And modern universities also support older students, more so than, say, Russell group universities, which are at the other end of the scale for teaching older students. About 40% of the postgraduate students that modern universities teach are over 35.

In addition, modern universities are more likely to reach students from minority ethnic backgrounds and communities; I see that in my own local university, the university of Bedfordshire. Modern universities have also been proven to do very well in identifying new markets, such as creative industries. Postgraduate qualifications can add something to those sectors and to the economy more broadly.

There are a number of things that can be done, and I hope that the Minister will respond in detail to my points when he winds up. At the moment, however, the situation feels a bit shapeless and baggy. Nevertheless, there is one idea that has a lot of traction—it is the idea of bringing in more funding directly from industry and enterprise.

That idea—of bringing private funding into the system—was made earlier in the debate, and it is a brilliant idea. In fact, I am very disappointed that the Browne review did not pick it up and run with it much more on the undergraduate side; I think that we have been quite vocal about that during the last 18 months.

Whatever system we come up with to ensure that our postgraduate education is among the best in the world—that it is adequately funded and that it reaches the students that we want it to, and not only those people who can feel they can afford postgraduate education or who feel a great expectation on them to study at postgraduate level, but a whole range of demographics—it is really important that the Government play a role in ensuring that the funding for that system is available to all students, regardless of where they choose to study and how they study.

My own preference is quite clear—there are obvious economic benefits in ensuring that funding is protected and enhanced. Where there is private funding, however, it should be the role of Government to ensure that it is available to all, regardless of where they choose to study. For example, a postgraduate student support and loan scheme might be a way forward, but we do not want banks simply shifting towards cherry-picking those students they believe have the best chance of earning significant sums in the future, based on the university that students attend or their background.

A loan scheme should be available to all postgraduate students, regardless of whether they are full-time or part-time students, regardless of their income and regardless of their credit rating or background. If the Government choose to go down the route of having a loan scheme, they should consider making it available to all students across the field.

In summary, I have three "asks" for the Minister and I wonder whether he might briefly comment on them. The first "ask" is quite simple; it is about improving the quality of the data that we collect about postgraduate students. Even in the time that I spent researching postgraduate education for this debate, I clearly noticed how little data we have on the types of students who are coming through. With the big funding changes at undergraduate level, it is all the more important that we start looking at the income, background, ethnicity, student profile and level of debt that people are coming into the sector with, so that we can see whether any changes being made by this Government are working well.

My second "ask" of the Minister is to ask him simply to acknowledge both the interdependency between the postgraduate world and the undergraduate world, and the fact that the 80% cut in the teaching budget will have an effect on postgraduate education as well as on undergraduate education. Indeed, I also ask him to acknowledge the point made by Labour colleagues that the cost of postgraduate education may also go up, just as the cost of undergraduate education has.

[Gavin Shuker]

My third "ask" of the Minister is to ask him to commit to delivering an equitable scheme that is accessible to all postgraduate students—even if is privately funded or supported—to ensure that all of our universities have the chance, the role, the ability and the privilege of providing postgraduate education and qualifications, regardless of where they are located or the courses they run.

3.36 pm

Shabana Mahmood (Birmingham, Ladywood) (Lab): It is a pleasure to serve under your lively chairmanship, Mr Hollobone, and to respond on behalf of the Opposition to what has been an excellent debate.

I congratulate my hon. Friend the Member for Huddersfield (Mr Sheerman) on securing this important and timely debate. He delivered his speech with passion and conviction, and he has a deep commitment to this area of policy. Indeed, he bought additional expertise to the debate, given his involvement in the Higher Education Commission, which is currently conducting an inquiry into postgraduate education. I am sure that all Members of the House look forward to the commission's report, which will be produced once that inquiry is complete. However, having congratulated my hon. Friend on securing the debate, I must also congratulate my hon. Friend the Member for City of Durham (Roberta Blackman-Woods), who initiated the form-filling that helped to secure the debate.

My hon. Friend the Member for Huddersfield spoke very powerfully about the importance of postgraduate education and the fact that it has been somewhat isolated in the context of the current debate about university education. He also made the important point that higher education should be looked at holistically, and he is absolutely right about that. In addition, he spoke about the impact that the presence of a university has on the city and region in which it is located, and I too can relate to the experience of having a university in my constituency, given that Aston university is in my constituency and both Birmingham university and Birmingham City university are just outside my constituency boundary.

My hon. Friend spoke at length about postgraduate research, which I will discuss later. We also had excellent contributions from the other Members who spoke. My hon. Friend the Member for Sheffield Central (Paul Blomfield) addressed the issues in relation to taught postgraduate courses. He spoke powerfully about issues of access and the effect that widening participation in education can have, especially in improving access to the professions. Having been a barrister before I became an MP, I can absolutely attest to the fact that the professions often feel like middle-class enclaves, and when someone is from an immigrant working-class background—as I am—that is an entirely different kind of world.

My hon. Friend the Member for City of Durham spoke about the role of postgraduate education in strengthening both the academic community as a whole and international research teams, which is a very important point. She also talked about how that speaks to both our role and our reputation in the world. We have always punched above our weight, and we should treasure that. My hon. Friend returned to the important challenge of funding, which I will address later, and my hon. Friend the Member for Luton South (Gavin Shuker) rightly praised the role of modern universities. We are very lucky in this country to have a diverse higher education ecosystem, and we should cherish that diversity of mission, intake and teaching and research strengths.

This has been an important, constructive and necessary debate. Members have already made the point that discussion of higher education in Parliament often focuses on undergraduates, especially on an 18-year-old undergraduate's journey through the system. That is, of course, extremely important, but it sometimes prevents both recognition of the importance of part-time and mature students at undergraduate level, and adequate discourse about postgraduate education as a whole, which is deeply unsatisfactory. Quite apart from the fact that postgraduate education generates something like £1.5 billion in output, we must, as other Members have said, take a holistic view of the sector if the policies we then formulate are to encourage quality, competitiveness, growth and social mobility.

We very much welcome any expansion of postgraduate education, especially that which took place between 2005 and 2010, as it clearly has benefits for the individual and for society as a whole. Taught postgraduate degrees, particularly when accessed by mature students, can help an individual improve their career prospects or change career entirely, especially with part-time study. Given the tough economic climate we face, coupled with the sheer terror of potential unemployment and what that does to life chances, particularly those of young people, students taking up postgraduate education immediately on completion of undergraduate courses do so increasingly because of the growing belief that we need more than one degree to be competitive.

However postgraduate education is accessed, and for whatever reasons, taught postgraduate education creates an increase in the national skills base and in earning capacity, and in that way benefits the economy and growth. Also essential to innovation and economic growth is research-based postgraduate education, through which we have the best chance of stimulating the kind of innovation we need to effect the rebalancing of our economy and get back to long-term growth, and we believe that the Government can and should play an active role in that. The UK's delivery of global research output is second only to that of the United States, which demonstrates the health of our sector and the fact that, as I said earlier, we punch above our weight in the world, but with increasing competition from across the globe the Government must ensure that we keep pace with our competitor countries. My hon. Friend the Member for Sheffield Central made an important point about the ageing demographic make-up of the research community, and such issues highlight the need for the Government to bring forward a strategy that maintains the strength and diversity of our research base, especially given the reliance in some parts of the sector on international students, welcome though their contribution is.

One of the biggest areas of concern, as we have heard today, is funding. Funding concerns have been amplified by the Government's decision to treble undergraduate tuition fees to £9,000. We are concerned not only about

the impact that that will have on access to and participation in undergraduate education, but about what higher levels of undergraduate debt will mean for postgraduate education. With cuts in the teaching grant and higher fees, the debt burden gets ever higher, and so too does the prospect that students from deprived backgrounds, who are more likely to be debt-averse, and mature students with family commitments will be locked out of postgraduate education, thereby cementing the dominance of the middle classes. Particularly telling is the situation of those who would have become mature students but are deciding not to bother with postgraduate education because of the higher fees and the associated debt burden. Their aspirations are being blocked because they have come to the view that financially it simply is not worth the risk. That will also have an impact on social mobility, especially when we consider, as other Members have said, that postgraduate education is an important route into professions such as law and the civil service, which are rightly and regularly criticised for the lack of diversity among their intake. That scenario will only get further entrenched in the present situation.

It is in that context that we have argued that the Government should have changed course, to bring the cap on undergraduate tuition fees down to £6,000, a measure paid for by not going ahead with a corporation tax cut for the banks, and by asking the top 10% of graduates to pay a bit more.

Mr Willetts: Will the hon. Lady confirm that her proposals would not reduce graduates' monthly repayments of student loans in any way?

Shabana Mahmood: The important point is about the headline level of debt, which I was coming on to make. Our proposal takes into account, and does not change, the Government's decisions on the overall budgets. It clearly shows that it was still possible for them to do more to bring down the headline level of undergraduate fees by one third, thereby reducing the overall debt burden, which in turn would have had less impact on the numbers of people going into postgraduate education.

We welcome the attention being given to future funding options for postgraduate education by various bodies, such as the Higher Education Commission. I also note the report by CentreForum and its proposal for a £10,000 state-backed loan scheme for people taking one-year taught postgraduate courses, and that the National Union of Students and others are considering possible packages. We welcome the work being done to develop models for the sustainable funding of postgraduate education, and while alternative models are being developed and their viability assessed the Government can and should consider what more they can do to encourage the availability of professional career development loans, and to ensure that they work with banks to get the best possible deal for postgraduate students.

The Government's White Paper on higher education unfortunately barely mentioned postgraduate education. It certainly did not create any legislative space for the discussion of issues affecting postgraduate education, or of how those issues might be dealt with. That was a mistake, and a missed opportunity. I note that the Minister reconvened the Smith review last year, and that additional work will now be done by the Higher Education Funding Council for England, so perhaps the Minister will take the opportunity today to update us on that funding consultation exercise being undertaken by HEFCE, and the participation review.

It is clear from the contributions to this debate and from the concerns highlighted by the higher education sector that a comprehensive strategy for postgraduate education is needed. We have, as other Members have mentioned, heard rumours in the past couple of days that the Government have U-turned on their policy of expanding the presence of for-profit providers in higher education, and so will not now introduce their planned higher education Bill this summer. The Minister might, therefore, have a bit more time on his hands, and could have even more if he heeded our call not to make any further changes to the core and margin model in 2013-14, allowing the sector to enjoy a year of stability. I wonder if the Minister might take this opportunity to redirect his energies into preparing the comprehensive postgraduate education strategy that is being called for by so many.

3.48 pm

The Minister for Universities and Science (Mr David Willetts): Thank you very much, Mr Hollobone, for chairing this debate. I congratulate the hon. Member for Huddersfield (Mr Sheerman) on his opening speech. I have always had a soft spot for him; I remember his chairmanship of the Education Committee, and he was also a student of Michael Oakeshott, so all we Tories have great respect for him. We then heard a series of speeches, which I welcome, from the hon. Members for Sheffield Central (Paul Blomfield), for City of Durham (Roberta Blackman-Woods) and for Luton South (Gavin Shuker), and then from the Opposition spokesman, the hon. Member for Birmingham, Ladywood (Shabana Mahmood). There was a theme, which I am happy to join in the support of, that postgraduate education is very important for a lot of reasons. It is very important for the economy, and for the individuals.

I can tell the hon. Member for Sheffield Central that I was talking to senior managers from Boeing about their overall strategy for research and development. They said that when they were planning an investment in the US, they were taking some leading figures from American universities close to where they were investing to Sheffield, to see at first hand how business-university collaboration could be done successfully. We can get it right, and we should celebrate those examples. Clearly, great achievements have been made at the university of Sheffield and elsewhere.

We have an important and valuable postgraduate education experience. I realise that there are a range of concerns in the sector, expressed by Members in this debate, about the future funding of postgraduate study. Let me make several things clear. First, it is unhelpful to think of it as a problem caused by a pile of undergraduate student debt. The more one looks at the issue, the more it is clear that the idea of a debt mountain that is a burden on people's shoulders is misleading. It should be thought of not as a debt but as a flow of payments. The model, which we took in many ways from the previous Labour Government, has the best features of a graduate tax. It is essentially 9% of any earnings above £21,000 a year until the cost of the university education is paid for. If a child of mine were leaving university with £25,000 in debt on his or her credit card, I would be worried, recognising that it would threaten their ability

[Mr David Willetts]

to borrow, for example, to pay for postgraduate education if necessary. However, that is not a fair analogy with our student finance proposals.

Paul Blomfield: Does the Minister not accept that he is trying to appropriate the language of a graduate tax to describe a system that is actually nothing but an income-contingent loan? He mentioned the central principle of graduate tax. Graduate tax is a system whereby people pay back according to what they can afford, as opposed to what they had to borrow to go to university.

Mr Willetts: The total amount to pay back is determined by the cost of the higher education, and it keeps the connection with the university. That is where I part company with the graduate tax. The point that I am trying to make is that graduates will experience only a slightly higher deduction from their pay packet by Her Majesty's Revenue and Customs, and if their income ever falls to less than £21,000, no payments whatever will be made. That matters to the debate about postgraduate education. I am not simply trying to reopen the debate on our undergraduate proposals.

The idea seems to be that it will be harder for postgraduates to finance themselves, because they will suddenly have an enormous amount of debt. In all the conversations that we have had with lenders about, for example, graduates' ability to access a mortgage, they have said that what lenders look at is fixed monthly repayments. We have increased the threshold for repayments from £15,000 to £21,000, so the monthly repayments under our system have fallen compared with the system that we inherited from Labour. That matters to postgraduates' ability to fund themselves. That is the source of Opposition Members' anxiety: a misunderstanding of the implications of the reforms.

Nevertheless, I accept that there is concern about postgraduate issues. We recognise the need to monitor closely what is happening, investigate if problems arise and be absolutely clear what they are and what will need to be done about them. Today, we published the letter that we sent to the Higher Education Funding Council for England with the grant statement for the coming year. A paragraph in that letter specifically discusses postgraduates:

"We are pleased that the Council is taking the lead on gathering evidence to improve our understanding of the purpose and characteristics of, and outcomes from, postgraduate study, with the intention of reviewing postgraduate participation following the changes to undergraduate funding."

We accept that it must be monitored.

"We also note the progress the Council is making, with its HE Public Information Steering Group"

on better information for postgraduate students. Also, of course, we refer to continuing

"work on strategically important and vulnerable subjects".

Mr Sheerman: Where can we get hold of that letter? We would like it urgently. I also remind the Minister, who always mentions that I studied under Michael Oakeshott, that I was also taught by Ralph Miliband.

Mr Willetts: That in turn gives the hon. Gentleman an opportunity to educate the junior Milibands. The letter was published today on the website of the Department for Business, Innovation and Skills.

We have asked HEFCE to monitor the situation. I accept that one finds when one digs into the matter that we need better access to data. Some data are collected by the Higher Education Statistics Agency, and some by HEFCE. The hon. Member for Luton South, in particular, discussed that. We need to do better at making those data accessible.

I have asked officials to continue to consider all the policy issues on postgraduates. This is a coincidence, I think, but this very afternoon—probably as we speak—a round table discussion on postgraduate education is being held with BIS, HEFCE, the research councils, the learned societies, mission groups and other interested parties. We recognise the importance of watching for any effect on behaviour and seeing whether any policy proposals are called for. However, we must not forget that at the moment, postgraduate education is a mixed economy.

Of course there will be a lot of interesting ideas. People have referred to Tim Leunig's paper for CentreForum, one of the few policy ideas proposed so far. I would welcome a more wide-ranging debate, but good for Tim Leunig for setting it going.

I do not think that there is scope under any political party for the creation of a new public spending programme. We would have to be very careful. We already support postgraduate education and research through a range of expenditure programmes, not just through HEFCE, although that alone contributes to the cost of supervision to the tune of £200 million. We also support postgraduate work through the research councils, and the proportion of PhD students training in cohorts through centres for doctoral training is increasing. Those centres have been shown to have value for students. They develop people who are internationally competitive and more productive and have a high impact.

Only yesterday, at the university of Reading—again, this is a coincidence—I announced a £67 million new investment in postgraduate training and development in the biosciences. Over the next three years, the doctoral training partnerships that I launched yesterday will support 660 four-year PhD students, as well as 70 other postgraduate studentships from this autumn. Those programmes aim to ensure that postgraduate study and research in the UK continue to have strength and depth.

The coalition recognises the value of the postgraduate experience to both the individual and the economy. We recognise that it is a key part of our universities' role, and that it has grown more rapidly than the undergraduate experience. It is a source of important revenue, notably external revenue, for our universities. We will collect more data on participation than previously. We are continuing to see what policy options are available if they should be necessary, but we must work within a framework. We do not wish to create a new public expenditure programme when, historically, the mixed economy has worked successfully.

Stoma Care

Mr Philip Hollobone (in the Chair): Someone has asked me to explain the subject of this debate on sponsored nurses and off-script tendering in stoma care, but I do not know where to start, so thank goodness that the hon. Member for Cardiff North (Jonathan Evans) is here to reveal all and enlighten us.

3.59 pm

Jonathan Evans (Cardiff North) (Con): Thank you, Mr Hollobone, for that generous introduction. It is a privilege to serve under your chairmanship for the first time in my political career, and I hope that I will enlighten you.

Every year, more than 40,000 people in this country are diagnosed with bowel cancer. Bowel cancer is the UK's second biggest cancer killer, but if found early enough, 90% of patients can be treated successfully. Often, colon or bladder surgery will lead to the fitting of stoma products or bags. Two thirds of such patients are estimated to need stoma care for the rest of their lives. With more advanced screening and the excellent work that is being done to raise awareness, it is expected that those patient numbers will only rise to even higher levels.

Valuable work is being done by many charities in this sector, and I give particular praise to Lynn Faulds Wood for her efforts in highlighting the prevalence of bowel cancer and for campaigning for greater awareness and early intervention. The charity Beating Bowel Cancer has designated this week as "be loud, be clear" week, and the charity is at Westminster today—its members are at the Speaker's apartments as I speak—raising awareness among our parliamentary colleagues.

We are all in debt to such individuals and organisations for their campaigning work, but I want to make it clear that the focus of this debate is not on the challenges of bowel cancer itself, but on two specific concerns in relation to the current operation of stoma care—the care of those who have had colon or bladder surgery and require the fitting of medical devices, such as stoma bags. My concern relates to the private commercial sponsorship of stoma nurses and the potential impact of major changes that are being discussed between private sector manufacturers and primary care trusts that might eliminate any patient choice in relation to the medical appliances that they receive.

I am grateful to the three major patient groups in this sector—the Colostomy Association, the Urostomy Association and the Ileostomy and Internal Pouch Support Group—all of which have supported me in drawing attention to these issues and provided helpful background information.

Let me set this debate in context. There is almost daily comment about the Government's proposed reforms of the NHS, and any such debate regularly throws up the charge that change in the NHS inevitably means privatisation of the NHS. Only last week, the House debated those issues, and over the weekend the head of the Royal College of Nursing added his voice, on behalf of the nursing profession, to those who are calling on the Government to abandon their reforms. It has therefore been a major surprise to discover over the past 18 months that the vast majority of NHS nurses who provide stoma care through health trusts in the UK actually have their salaries met by private commercial sponsors.

Glyn Davies (Montgomeryshire) (Con): I am one of the 40,000—I contracted bowel cancer in the past and have had a colostomy. I also have a commercially sponsored stoma nurse, who is a guardian angel. We need to realise that a number of stoma nurses are marvellous. My stoma nurse made it clear to me that there were alternative products that I could have used, but it so happens that I accepted one from the same company that was paying for her. It was clear that I could choose any product that I wanted, and I was not put under any pressure.

Jonathan Evans: I respect my hon. Friend's views on many matters and also have only praise for stoma nurses, but that does not take away many of the concerns in relation to sponsorship. Sponsors have a direct interest in the clinical decisions made by nurses, because they are the manufacturers of the products that are being prescribed under the NHS.

If the Secretary of State for Health had proposed the introduction of such an arrangement—the sponsorship of nurses by commercial organisations—as part of his current reforms, we can imagine the outrage it would have produced. "Newsnight" and the "Today" programme would have relentlessly questioned the Minister. We might even have seen a "Panorama" special on the BBC. The reality is that this extraordinary situation started more than 30 years ago and expanded to its current pre-eminence during the years of the previous Government.

The concept was thought up not by the commercial firms themselves, but by the health care trusts, which first approached the manufacturers to explore the commercial opportunities. The Department of Health does not appear to have played any part in the dialogue, not even in terms of establishing a protocol that could reassure the public that commercial sponsorship does not impact upon clinical judgment, just as my hon. Friend the Member for Montgomeryshire (Glyn Davies) has said that he is satisfied that that was not the case in his experience.

Jim Shannon (Strangford) (DUP): Does the hon. Gentleman think that it would be acceptable if sponsorship were offered to help the patient or the health board itself?

Jonathan Evans: I am not going to propose the end of sponsorship, but we need more robust mechanisms of managing the potential conflicts of interest. I will develop that argument in the limited time available.

The Department of Health appears to take comfort in the professional code of nurses, which states:

> "You must ensure that your professional judgement is not influenced by any commercial considerations."

Surely, we can be sure that that code is being properly observed only if the Department undertakes, at least from time to time, some assessment of the commissioning decisions being made, but it has never done so.

In January 2001, *The Guardian* drew the practice to wider public attention, reporting that the NHS planned to crack down on these commercial sponsorship deals. The paper claimed that more than half of stoma nurses were funded by commercial deals that were worth—

[Jonathan Evans]

remember that this was a decade ago—up to £100,000 a year to each health trust. The RCN claimed that the manufacturers specified that a minimum percentage of patients had to be fitted with the commercial sponsor's products.

The previous Government's response to *The Guardian's* revelations was to issue new guidance requiring NHS trusts to review all such arrangements in which suppliers met all or part of the cost of members of staff, discounts on drugs and equipment, or subsidised research and training as a condition of the contract. Nevertheless, Health Ministers maintained that they did not want to prevent collaborative partnerships between the NHS and private contractors—nor do I—but they also said that clinical decisions should always be based on evidence of what was best for the patient. I agree, but how do we know? Again, the Department did not undertake any assessment of its own to reassure itself that that was being done.

By 2003, sufficient concern was being expressed over these commercial deals that the then Government launched the first of what was to be a series of consultations on the arrangements for paying appliance contractors. By 23 January 2006, the Government issued a report on the consultation, noting:

"Specific and frequent mention was made of the issue of sponsored nursing posts in secondary care, with most parties"

—I stress, "most parties"—

"feeling that this practice was inappropriate, and that it should cease."

The Department of Health's response to that concern was to ignore it. It maintained its policy of resisting any assessment of impact of commercial sponsorship on commissioning decisions, and that strand of concern was, interestingly, subsequently eliminated from further consultation on these matters by Health Ministers.

In Scotland, the Scottish Executive took a completely different line. The Scottish Government decided that commercial sponsors could no longer directly subsidise specialist nurses in stoma care. The nurses were taken on and paid directly by the NHS. In fact, the British Healthcare Trades Association funded transitional support to the Scottish health boards for two years because of that dramatic financial change. The outcome was also dramatic. Free samples of stoma products were withdrawn from Scottish hospitals by the manufacturers that had always previously provided them, and it is estimated that, over the following five years, the number of specialist stoma nurses in Scotland fell by up to half.

In Scotland, therefore, the policy has been to ban commercial sponsorship—this addresses the concerns expressed by my hon. Friend the Member for Montgomeryshire and the hon. Member for Strangford (Jim Shannon)—with a consequential fall in both the quality and the availability of specialist stoma care to patients. By contrast, the policy of Health Ministers here has been to refuse to undertake any assessment whatsoever of the impact of commercial sponsorship on these arrangements within the rest of the UK.

As I hope I have made clear, I am not arguing for the Government to follow the Scottish policy. Patient groups have made it clear to me—this is endorsed by the words of my hon. Friend the Member for Montgomeryshire—that they recognise that the quality and the availability of stoma care in Scotland has fallen markedly. I want to make it clear that I am not questioning in any way the commitment or the concern of stoma nurses. Again, I can say that patient groups who have briefed me for this debate have made it clear that they deeply value the services that are provided by stoma nurses.

Nevertheless, as I indicated to the hon. Member for Strangford, there are real questions about conflict of interest, which successive Governments, sadly, have ignored. Let me draw an analogy with another sector that we debate a lot in the House: the financial services sector. Today, all financial services companies are required to satisfy the regulator that they have robust processes in place that are fully understood by all staff for managing conflicts of interest. Can we imagine a Minister standing at the Dispatch Box talking about concerns with financial services and saying that he is entirely satisfied there is no need for robust conflict of interest processes because he is satisfied that the professional code of those who work in financial services will always require them to act properly? That is a ludicrous proposition. There is a need for the management of conflicts to be subject to a similarly robust process in terms of stoma care.

In March 2011, Health Ministers were asked by parliamentary colleagues some basic questions to glean information on the number of stoma care nursing posts sponsored in the UK. No helpful response was provided, and the Department had no statistics to share with colleagues. So, for this debate, I have had to turn to the British Healthcare Trades Association for the figures. According to the association, stoma care manufacturers sponsor more than 200 of the 337 departments in England at a cost of £10 million a year. However, some of those manufacturers share the same concerns about commercial sponsorship that I am outlining. They only maintain their sponsorship for fear that other suppliers will otherwise corner the market. Those manufacturers have even expressed their concern to me that the current commercial arrangements might fall foul of the new Bribery Act 2010. Have Ministers undertaken any assessment of that?

On 15 October, I wrote to the Minister and received a response from him on 9 November confirming again that the Department had not made any assessment of the commissioning decisions of PCT employees sponsored by private enterprises. Again, he highlighted the fact that Ministers relied on the code of professional conduct, but he said in his letter that he was satisfied that that was a concern and that he had asked his officials to make further studies into the activity. I hope that the Minister can tell us the outcome of those studies.

The issues that I have raised relate to the maintenance of patient choice in the appliances that are prescribed for stoma care, and the concerns are shared by patients, charities and several manufacturers. Such concerns have been shown to be very well-founded by reports of recent discussions between major manufacturers of stoma care products and PCTs about what has come to be called off-script tendering, which you mentioned in the second part of your comment, Mr Hollobone. What is being proposed is that preferred or single supplier agreements are made between commissioners and manufacturers, in which the commissioning body would get a bulk discount for requiring all patients to take one manufacturer's products. The arrangements would then

bypass the operation of the drug tariff for the provision of such products, which is regularly reviewed on an annual basis by the Department.

Currently, a GP or suitably qualified nurse issues a patient with a prescription—an FP10—and the patient is free to take that to the manufacturer of their choice to have the product dispensed by a pharmacy contractor or an appliance contractor. The drug tariff industry forum considers the advantages of that system to be patient choice, cost and value for money, quality of products and a centralised system working on a local basis. The British Healthcare Trades Association has obtained legal advice that suggests the off-script arrangements being discussed by big manufacturers might be beyond the powers of health trusts. However, the question arises whether such arrangements could be taken forward as part of the Government's health reform.

Those questions were raised by the Urology Trade Association, which is a body representing 95% of manufacturers, and by the Urology User Group Coalition on behalf of patients in evidence given last year to the Select Committee on Health. Unfortunately, follow-up questions by parliamentary colleagues confirmed the long-standing Department of Health response that no assessment of those issues had been undertaken either.

The thousands of patients who suffer bowel or bladder cancer and require ongoing stoma care deserve better. They should be assured that the Government will defend patient choice and maintain robust processes for managing real or perceived conflicts of interest in the commissioning of services. The Government should ensure the continued provision of specialist nursing advice and support and reassure us that it is in no way influenced by financial or commercial considerations.

Mr Philip Hollobone (in the Chair): All has become clear. What are the Government going to do about it?

4.16 pm

The Minister of State, Department of Health (Paul Burstow): It is a pleasure to serve under your chairmanship, Mr Hollobone. I congratulate my hon. Friend the Member for Cardiff North (Jonathan Evans) on securing the debate and on setting out so clearly his concerns. I want to spend the rest of the debate trying to address the points he has made.

I certainly echo my hon. Friend's comments about the excellent work that Lynn Faulds Wood has been doing over the years to highlight and raise awareness of bowel cancer, not least through her personal experience. This month, the first ever Government funded "Signs and Symptoms" campaign for bowel cancer has been launched and the pilot of the roll-out of flexi-sigmoidoscopy has also begun. The Government can therefore rightly claim to be taking these matters very seriously indeed and to want to see significant improvements in survival rates from bowel cancer.

My hon. Friend also talked about the fact that—this might come as a surprise to some people who listen to this debate or read it afterwards—private involvement in the NHS is not some creation that has occurred in the past 18 months. The interrelationships between the NHS and the private sector have been there right since its foundation and were a growing feature of it during the life of the previous Administration.

Glyn Davies: Will the Minister give way?

Paul Burstow: Let me develop my point a tad further and then I will be more than happy to give way to my hon. Friend, although I hope to ensure that I conclude answering the questions of my hon. Friend the Member for Cardiff North.

My hon. Friend is absolutely right. As part of the reforms that the Government are introducing, we need to ensure that we close the loopholes that the previous Government left gaping in their legislation. We also need to ensure that, as a Government, we have transparency and clear rules under which people operate, so that we see competition as a servant of the patient's interest and not as an end in itself. That is absolutely integral to those reforms.

Glyn Davies: I simply wish to say how shocked I was to discover the arrangements nearly 10 years ago, when I was given a colostomy nurse of my own. I was making the very point that my hon. Friend the Member for Cardiff North (Jonathan Evans) made—that by pushing the matter, I was threatening the future of the service in that particular hospital. If we try to address what is a legitimate concern, we must have a guarantee that there will be funding, so that we do not have a repetition of the Scottish experience.

Paul Burstow: That is a very succinct summary of the case that our hon. Friend has made in his Adjournment debate today.

Let me say something about prescribing arrangements because it may help if I set out the arrangements for these products or appliances, as they are usually called, in terms of the NHS in England. Prescribers operating under the NHS primary medical care contracts are able to prescribe as appropriate for their patients those stoma and neurology appliances listed in part IX of the drug tariff. There should be no barriers to prescribing a stoma product on the NHS, as long as it is listed in part IX of the drug tariff. NHS dispensing contractors, pharmacies, dispensing appliance contractors and dispensing doctors are able to dispense prescriptions of these products. Primary care trusts are responsible for ensuring that general practitioners are complying with their primary medical care contractual arrangements and that dispensers are complying with their contractual frameworks. Within that, there is a set of checks already in place to deal with the prescribing practices of GPs.

Jonathan Evans: In that context, will the Minister say that he deprecates off-script tendering arrangements, in which major manufacturers—in fact, multinationals—seek an arrangement with PCTs making them the sole supplier?

Paul Burstow: I will come to that part of my hon. Friend's speech a little later, if he will forgive me.

New services associated with dispensing such appliances in primary care were introduced in April 2010—I stress that date—including emergency supply of appliances at the request of the prescriber, repeat dispensing service and, where pharmacies and appliance contractors choose, provision of appliance use, reviews and customisation of stoma appliances. Customisation—personalisation and greater choice—is an essential part of what we need throughout health care delivery.

[Paul Burstow]

The key point in my hon. Friend's debate is sponsored nurses, the role that they play and possible conflicts of interest, highlighted by all hon. Members who contributed. There is concern in some parts of the industry, including companies in my hon. Friend's constituency, which led him to write to the Minister of State, Department of Health, my right hon. Friend the Member for Chelmsford (Mr Burns).

Jonathan Evans: And patient groups.

Paul Burstow: My hon. Friend rightly mentioned patient groups and I pay tribute to their work.

Stoma specialists play a vital role, as we have heard, supporting patients adapting to a life with a stoma, which often involves a number of physical and psychological changes. Stoma care patients face a number of issues, many of which are still considered taboo and can lead to embarrassment and distress. Services provided by stoma nurses are therefore much valued, as we have heard today, by those receiving them.

I am aware that the employment of some specialist nurses is funded by some manufacturers of stoma products to support patients in hospital and in their own homes. That can also lead to concerns, which have been so well set out today, about potential conflicts of interest. Although I recognise the potential for conflicts of interest, my hon. Friend will forgive me if I repeat the code of professional conduct that he mentioned, because it is relevant to this point, and I will mention why it remains relevant.

The code states that nurses must ensure that their professional judgment is not influenced by any commercial considerations. Any concerns about professional conduct are of course within our framework of regulation of professional groups, which is a matter for the Nursing and Midwifery Council. As a result of my hon. Friend securing this debate, I have made further inquiries of the NMC and the Royal College of Nursing, asking whether they are aware of any concerns being raised. The answer was no. I suspect my hon. Friend would say that that is because they are not reviewing and monitoring this matter either.

I will follow up on the report published some years ago by the RCN, which my hon. Friend mentioned, because although it is a little bit out of date it clearly speaks to some of the issues that he talked about. I will go further than that, because officials have had discussions of the sort mentioned by my right hon. Friend, in his response to my hon. Friend's letter of November 2010, with suppliers and trade associations on sponsorship. I understand that one prominent trade association, the British Healthcare Trades Association, is discussing the industry's views with its members. We have yet to receive the final feedback on those issues from the industry. I hope that, through this debate, we can ensure that we get that response, because the Department will certainly want to see it.

The BHTA code of practice—another code of practice—for health care and assistive technology products and services states:

> "No pressure must be exerted on the sponsored individual to favour the sponsoring company's products over any other. At all times the products supplied should be that which the professional considers is best suited to the client's needs."

Clearly, the trade bodies themselves recognise that potential risk and have identified it in their own codes of conduct with regard to their members.

On localised formularies and tendering, I am sure my hon. Friend is aware of the pressures facing NHS organisations as a result of our ageing population, and the increased diagnosis and treatment of cancers that he mentioned. On top of that, the NHS obviously has to achieve the Nicholson challenge of £20 billion of efficiency savings by 2015 through a focus on quality, innovation, productivity and prevention. Every saving made from that is being reinvested in patient care to support front-line staff. As we move forward, it is very important that NHS procurement is undertaken at national, regional and local level via the NHS supply chain, regional collaborative procurement organisations and individual trusts. Some NHS organisations may also use formularies to form the basis of a recommended list of products for prescribers, which is intended to provide a sufficient range of choice to meet the clinical needs of most patients. They may also run tenders to acquire local supply of these products. Local formularies or tenders are generally prepared by multi-disciplinary teams and reflect, as far as possible, best clinical practice.

I understand the concern that the hon. Gentleman has about choice and I appreciate the importance that stoma patients often place on continuing to receive a product in which they have confidence. We want to ensure that patients are at the heart of the clinical decisions that are being made about them, which is one of the reasons that we want to see a wide range of products available through the drug tariff to meet different needs of individual patients. However, and it is important that I stress this, any local arrangements of the sort that the hon. Gentleman has described do not override the clinical judgment of the GP who is still free to prescribe products listed in part IX of the drug tariff to meet specific needs of patients. Any decisions to undertake local procurement activity rest with local NHS organisations—primary care trusts now, clinical commissioning groups in the future—and we expect them to act in accordance with the principles when they are exploring the opportunities for tendering.

When it comes to patient choice, we want to go further than that. As part of our commitment to this policy of any qualified provider, we identified continence services as a good candidate for the approach. We felt that the competition should be on quality and not on price.

Jonathan Evans: Before the Minister concludes his remarks, let me again raise one question in relation to sponsored nurses. He referred to the code of professional conduct, which places the onus on the nurse. Nurses have to exercise independence of thought while knowing that their salary is being met by a commercial sponsor. Is it not the case that the position of those nurses would be enhanced if the Government were to ensure that there was a robust arrangement for the management of conflicts of interest, which manufacturers knew existed, rather than leaving all the onus on the nurses themselves? That is placing too much on them and not ensuring that the public are satisfied that we have the same processes for requiring management of conflicts that we require in other public policy areas.

Paul Burstow: The Government recognise that sponsored nurses provide a valued service. We have heard that very well expressed in this debate. There is a potential for conflict of interests. There are codes that provide a framework in which those decisions should be made. My hon. Friend has presented very clearly his concern on behalf of a range of patient groups that that is not working as well as it needs to. We have already indicated our desire to engage with the trade associations and we need to carry that through to its conclusions. We are looking forward to the response of the trade associations. I would certainly be happy to give further thought to the points that my hon. Friend has made during this debate. Our reforms are very much about ensuring that conflicts of interest are identified, managed and transparent. I hope that, as a result of this debate, we have brought this issue to this Chamber in a way that is very helpful so that we can move it forward after today.

Micro-Businesses

Mr Philip Hollobone (in the Chair): We cannot mention the word micro-business in this House without thinking of the hon. Member for Newton Abbot (Anne Marie Morris). We now have a very important micro-debate on micro-businesses.

4.29 pm

Anne Marie Morris (Newton Abbot) (Con): I look forward to serving under your chairmanship, Mr Hollobone, and I am delighted to see the Minister in his place. As you rightly say, micro-business is absolutely at the heart of what I have been doing in my time here in the House. Perhaps I should start by saying that there is no division or debate about the importance of micro-businesses. I am absolutely clear that the EU and the UK recognise their importance and the role that these very small businesses play in growth and community stability. The challenge for us today is this: what can we do to ensure that Government policy is best shaped to help that growth? I will consider that in relation to four different areas.

First, we need to consider how we might clarify what we mean by a micro-business. Secondly, we need to examine regulation. We need to consider what the Government could do to reduce the burden of regulation and to reduce not just the amount of taxation—that is a difficult issue—but the bureaucracy that goes with it. Thirdly, I should like to consider how we might help micro-businesses to get access to finance and to consider alternative sources. Finally, I should like to consider the culture change that we need to make to help this country to grow micro-businesses and to help young people to see them as a career route to which they might want to aspire.

In the UK, we do not have a definition of a micro-business. The EU has definitions; they are not compulsory but voluntary ones. It defines small and medium-sized enterprises, micro-enterprises and micro-entities. Perhaps when the Minister is considering any changes at EU level, he will suggest that the last two names are too similar. Let me explain the difference between a micro-enterprise and a micro-entity. A micro-enterprise is a business with fewer than 10 employees and a turnover of less than €2 million. By contrast, a micro-entity still has a cut-off of 10 employees, but the turnover cut-off is €700,000. There is an additional option test of assets worth up to €350,000. Those are ceilings to the definition, and the criteria—whether we consider the number of employees, turnover or assets—are optional, so it is a very flexible definition.

As a matter of practice, the UK Government and particularly the Department for Business, Innovation and Skills have accepted the ceiling in most cases, but it is interesting to note that the Department for Work and Pensions has recognised that there is a significant difference between those businesses with fewer than five employees and those with more than five employees. It has recognised that a business with fewer than five employees does not have the same managerial support and expertise. Therefore, the burden of regulation is that much greater. In secondary legislation under the workplace pensions reform, the DWP said that micro-businesses should mean businesses with fewer than five employees. That is particularly

[Anne Marie Morris]

relevant now, because the EU is considering reviewing the definitions again, while it reviews the Small Business Act.

The Minister will know that I have argued for some time that the definition of fewer than 10 employees encompasses too large a group of businesses to enable the Government to focus their policy, not that I would choose a smaller definition to exclude businesses from relief. On the contrary, unless the definition is realistic and properly applies to a recognisable group, there will be fewer exemptions from which small businesses will benefit.

My real concern, however, is that when the European Union looks again at the definition, it may choose to remove the flexibility and instead have a fixed definition, with a fixed number of employees and turnover. That will significantly reduce the UK's ability when it wishes to use those definitions, as indeed it may be required to under EU legislation. So I think that it is for the Minister and the Government to decide now what they think the right definition is, not only so that they can lobby the Small Business Act review group, but for their own purposes, so that should they want to use a small definition for a tax scheme or in relation to pensions, they still have the flexibility to do so.

Both the EU and the UK are committed to reducing the burden of regulation on these very smallest of businesses. Indeed, for new legislation, the EU has a lovely mantra: "Think Small First". That is spot on. Going forward it has concluded that any new legislation should, de facto, exclude micro-entities—that is the smallest size that it has come up with—unless there is a good reason for including them. That sounds like a good starting point. It also says that for the next size up—micro-enterprises—any new legislation should have a light-touch approach.

Andrea Leadsom (South Northamptonshire) (Con): My hon. Friend has done extraordinarily well to obtain this debate. Micro-businesses are such an important part of our economic growth going forward. Does she agree that as more than 90% of very small businesses are UK-only, it is astonishing that the EU is telling them what to do at all?

Anne Marie Morris: My hon. Friend makes a very good point. Such businesses need the freedom and flexibility to do what entrepreneurs do extremely well. Her intervention is absolutely en pointe.

Turning to the UK, I am pleased that the Government have introduced a three-year exemption on new regulation, and they are to be commended for that. The real challenge for the EU and the Government is what do we do about the pages and pages of existing regulation. The Government have introduced the red tape challenge, and I commend them for that. They have already looked at 12 sectors, and there are five more to come. I believe that they will report in three months or so, which will be valuable. Will the Minister adopt the EU mantra, "Think Small First" when he considers what can be got rid of? The EU has also gone through a simplification procedure on a number of occasions, but at the end of the day, we need to move faster and further.

The Minister has already looked at one area that needs further review from the perspective of micro-businesses: employment law. The British Chambers of Commerce has raised the issue with Ministers and in its various reports, but recruitment and dismissal procedures are onerous for very small businesses. No one wants to take away an employee's rights, but the overall protocols and processes are complex. The second issue that small businesses have raised with me is health and safety. Lord Young has done some valuable work, and I look forward to it being implemented so that low-risk businesses can be excluded from much of the burdensome regulation and a more pragmatic approach is taken to those in higher-risk categories.

Still under the heading of regulation, I want to raise some issues about taxation. Paying less tax is clearly something that we would all be happy about, but it is the burden of the process that causes real pain for very small businesses. First up is fuel duty. I would, wouldn't I?—I have been approached by a number of small businesses—plead with the Minister not to implement the fuel duty rise in August and to look again at a price stabilisation mechanism, because that would make the cost of petrol affordable and predictable for the smallest businesses. Both things are equally important.

Turning to national insurance, the Government have a good record on the rate and the holiday that they introduced for new businesses, so that they would have relief from employer national insurance for their first 10 employees. I suggest that we could allow mini-micro businesses—we have so many definitions on the table at the moment, but those with fewer than five employees—who take on up to four employees, so those with a total work force of four, not to pay employer's national insurance for the first year, although employee contributions would stay in place. That would enable them to assist with the cost of the training and general upskilling of those new employees.

The group employing one to four employees represents 7% by turnover of the private sector, so it is not a small group for which I want to the Government to provide support. They are already considering the challenge of aligning PAYE with the national insurance regime, and I look forward to the results. May I encourage the Minister and his Cabinet colleagues in the Treasury to look at simplifying the classes, because there are so many that the average bookkeeper is totally confused?

I turn now to business rates. Again to the Government's credit, they extended the small business rate relief and said that the scheme they were introducing would apply for a further year. I suggest to the Minister that that becomes a permanent feature, or lasts at least until the end of this Parliament. It is valued by small businesses, and that really would make a huge difference. However, business rates give rise to process issues, the first of which concerns valuation. Why do so many of the large business players, such as Tesco and Sainsbury's, seem to be paying less than the smaller players? There is something wrong with the way in which the valuation criteria work, and they might sensibly be reviewed. I am often approached by small businesses that believe that they are suffering hardship and are frustrated by the appeals procedure. It is so bureaucratic and takes so long from start to finish that generally they are out of business by the time that they have finished the process, which simply cannot be what the Government intend.

My final point on business rates concerns empty properties. I accept that an incentive is needed to bring such properties back into use, but allowing six months, or three months for retail, to do so is not long enough, and the penalty for leaving them empty longer than that is disproportionate.

I turn now to VAT—a tax that is necessary and without which we would not be able to take this country back into the black. None the less, it has some wrinkles that the Minister and his Treasury colleagues might helpfully look at. We have on a number of occasions talked about the possibility of reducing rates for restoration and repair of houses, bringing the rate down to 5% rather than the full 20%. It seems to me that, given the pressure on the Government to increase the available housing stock, now is the time to look at that again.

Colleagues have considered a reduced rate of 5% for the accommodation charge for bed and breakfast and in hotels. Given that this is our Olympic year, why do we not set the rate at 5%, just for this one-off tax year, and let it be part of our marketing campaign to get people to visit the UK and enjoy the Olympics?

Perhaps one of the biggest challenges is the VAT cliff: once a business is earning £73,000, it has to register for VAT, and if it provides services to individual customers who are not VAT registered, the increase in profitability that it has suddenly to achieve is significant. I suggest that we look at introducing a ratchet mechanism or a VAT rebate, which will ease the situation so that the full force of VAT does not affect the business in the first year.

Jeremy Lefroy (Stafford) (Con): Does my hon. Friend accept that in some cases the VAT threshold—the cliff edge—acts as a disincentive to growth?

Anne Marie Morris: My hon. Friend makes my point extraordinarily well. It prevents growth, and if we can find a way of easing the burden, that would be well worth while.

My final point on VAT concerns the enforcement challenge. Only last night a small business came to me saying that it was one week late with its VAT and had been asked to pay £955 as a penalty on an original bill of £6,370. Clearly, we want people to pay, but that business was only a week late and the penalty seems disproportionate.

The third issue is access to finance. The challenge is how to make better use of what we have and how to find new sources and new organisations to provide money to very small businesses. Under the existing arrangements, the problem for the banks is that they are in a cleft stick. Given the capital adequacy requirements, if they offer a loan to what is inevitably a risky start-up business, they have to do so at very high rates, so the loan might not be accepted. Can we consider capital adequacy adjustment for the banks—just for loans to micro-businesses, not for the rest? The Government schemes to provide equity, debt and so on are aimed at the whole SME community, ranging from those with no employees to those with 250. Banks are in business to make money and are targeting most of their help at the larger businesses with good, clear business plans and a track record. We need some ring-fenced schemes specifically for micros. The Minister might like to consider that with his Treasury colleagues when we get to credit easing.

The Government are consulting on new sources of finance until the end of this week. The Federation of Small Businesses has looked at other sources of funding and will share its findings with the Government. I recommend that the Government look at what is going on in central and eastern Europe, in Asia and in south America—countries that have more experience than we do of different funding mechanisms.

I have an additional suggestion. One of the challenges faced by most small businesses is that, when they start up, they cannot separate the risk and the liability of the business from personal assets and find themselves having to mortgage their house and give personal guarantees. Can we not consider extending the limited liability partnership?

4.45 pm

Sitting suspended for a Division in the House.

4.58 pm

On resuming—

Mr Philip Hollobone (in the Chair): It is likely that we will be called to another vote imminently, but I shall call the hon. Member for Newton Abbot (Anne Marie Morris), who might want to use these next two or three minutes to wind up her remarks.

Anne Marie Morris: I shall repeat my last point, because it might have been lost. I should like the Minister to consider using the limited liability partnerships legislation to create a new limited liability sole trader equivalent, which would enable the enterprises to have the limited liability benefit without the corporate registration requirement.

In conclusion, I believe that the Minister has enough to think about, and I should like him to go away and indeed think about the matter, and then come back and tell me what might and might not be possible. I recognise that not only does the detail need to be addressed, but that we have the bigger challenge of changing the culture through our education system—primary, secondary and tertiary—our local businesses, which might support these little baby businesses, local government, which can provide incubators and start-up units, and our local enterprise partnerships, which can also provide support and guidance. I therefore look forward, with pleasure, to the Minister's response.

Mr Philip Hollobone (in the Chair): The Minister with responsibility for small businesses, but with a big heart: Mark Prisk.

4.59 pm

The Minister of State, Department for Business, Innovation and Skills (Mr Mark Prisk): You are very kind, Mr Hollobone. Within the 10 minutes that I gather I have, I should like to try to respond to the smorgasbord of ideas suggested by my hon. Friend the Member for Newton Abbot (Anne Marie Morris). Although this is indeed a debate about micro-businesses, it is nevertheless significant—colleagues are still streaming back from the vote in the main Chamber.

This country has a strong tradition of entrepreneurship, and we as a Government really do have an ambition to ensure that we retain, and indeed strengthen, our position as one of the best places in which to start and grow

[Mr Mark Prisk]

businesses, throughout their life cycle—start-ups, micro-businesses, small and medium-sized enterprises, and so on. About 4.3 million micro-businesses exist in the UK, and yes, they represent about 95% of all enterprises in the country. In that cohort lies a huge variety of enterprise, everything from the university high-tech business—the spin-off—right the way through to the traditional family concern. Therefore, the Government need to be clear and effective in focusing on the right long-term framework for all types of enterprise, regardless of size and throughout their development. That will relate, in a moment, to the question of definition.

My hon. Friend has rightly set out her thoughts about how we can best help micro-enterprises, and I want to put very firmly on the record, as you have done Mr Hollobone, that with her enthusiasm and knowledge she is one of the best champions in this field. We could do with more champions like her.

I shall address the question of definition, and then come on to some of the other issues, at reasonable speed I am afraid, given the time before me. The issue that has been highlighted is: how do we define micro-enterprises? In some cases, people have argued that we might look at that group of up to and no more than four employees—

Mr Philip Hollobone (in the Chair): Order. I am sorry to interrupt the Minister, but what we feared would happen has happened: there is another Division in the House. I encourage Members to come back as quickly as possible. I should like to restart the debate at 16 minutes past 5, at the latest.

5.1 pm

Sitting suspended for a Division in the House.

5.9 pm

On resuming—

Mr Philip Hollobone (in the Chair): I thank hon. Members for returning so quickly. We have until 5.21 pm.

Mr Prisk: I shall recap, although *Hansard* will seamlessly slide through the process, unlike the rest of us.

I was trying to respond to my hon. Friend's suggestion that we need to revisit the definition of a micro-business, not least to make the policy more effective. This has largely revolved—in our previous discussions, including with other hon. Members—around whether we need to narrow that definition from 10 employees to fewer than five to target better the policies, as my hon. Friend highlighted.

I understand the point. I share the view that when we set policy, we need to ensure that it really addresses those people we are trying to help. It is also true that the Treasury will rightly want to ensure that when we are using taxpayers' money, we direct financial support accurately at what they like to call leakage, which is a strange phrase but one that is understood in terms of the money being spent not necessarily reaching the people one is trying to support.

The definitions that we use are quite well established across Government and within the Office for National Statistics. As my hon. Friend also rightly said, those are clearly understood and are adopted on the basis of policy development in the EU as well. Without securing a change in definition across Whitehall and with the ONS and the EU, there is danger of confusion between different definitions when we develop policy.

Let me give some practical examples. At the moment, we are in the middle of discussions with EU partners about exemptions for micro-businesses from future regulations, to which my hon. Friend alluded. These are important. If we were to engage in a process, which would probably take a year or so to establish, according to which we might wish to define micro-businesses in a way that is different from the EU as a whole, clearly there would be a problem. It would be similar, in a sense, to our discussions with our EU partners over the next round of structural funds, which would start in 2014.

It is also true that we need to be careful about domestic policy and how that is applied. For example, my hon. Friend mentioned the micro-business moratorium, the moratorium from regulation, giving micro-businesses relief from the burden of additional changes in rules and red tape. We have secured significant reductions: the two that immediately leap to mind are, first, the postponement of the change in rules banning the display of tobacco products in shops, which is now only applicable to supermarkets, giving small businesses three years to consider how their business might be developed and, secondly, giving them the opportunity not to face those costs up front.

A similar case with a greater financial benefit to the smaller firms is the exemption that we secured, mentioned in part by my hon. Friend, on auto-enrolment for pensions. Again, that is a big saving for small businesses. Were we now to change the definition, there is a danger that there would be an immediate impact on firms employing between five and nine employees that are currently enjoying micro-business status.

I should like to highlight that, although there are benefits from considering whether the definition is accurate, our concern would be that there are obviously adverse consequences as well.

Anne Marie Morris: Does the Minister agree that it is crucial that we engage with the debate at European level about what those definitions should be, so that they work not just for other European member states, but for ourselves? Although I accept what he says, it is perfectly possible, without conflict, to have a UK definition that works within this ceiling umbrella, which the EU has created.

Mr Prisk: I think that that is true. My only concern would be that, as the policy is applied, if a business found itself defined as a micro-business in terms of one set of policies but not another, there is a danger of confusion in the very group that we are trying to help. I understand my hon. Friend's point. We are not oblivious to the fact that, often, government of all forms probably thinks of small businesses as businesses employing 100 people, let alone ones employing three, four or five people, as we are discussing.

I shall deal with the definition, then I will get on to the practicalities in respect of what we are doing to help this important group. I am not seeking to dismiss the issue; I am trying to explain why the Government would be cautious about embarking on this path. I am happy—I have said it to my hon. Friend before, but am happy to

put it on the record—to engage with her and the all-party parliamentary group to look precisely at how the definitions work, where the pinch points lie and how Government policy can best help this group.

My hon. Friend mentioned numerous important issues, and I will canter through them briefly in the few minutes that I have. The first is tax. I am grateful for her support for the changes that we have made, for example to small business rate relief. We have extended that holiday for smaller businesses for a further six months from October this year.

I understand the point about appeals. It is always a little challenging for a sole trader to take on the process. I trust and will ensure that my ministerial colleagues in the Department for Communities and Local Government consider that, and it is certainly high on our agenda.

Tax enforcement is always a sensitive issue. Clearly, it is principally a matter for my colleagues in the Treasury, but as the Minister with the privilege of responsibility for small businesses, I can say that we occasionally have a direct dialogue—he said carefully—with my Treasury colleagues and the tax and revenue authorities. They need to understand that ultimately, all of us, as public servants, are paid for by those same businesses, so the manner of enforcement is important. A careful distinction must be made between the real rogue and the person who has made the odd mistake on their VAT return late on a Sunday afternoon at the end of a working week. It is an important one.

I am also grateful to my hon. Friend for supporting what we have achieved on national insurance. She raised numerous other issues about tax, including fuel duty and the VAT threshold. Ironically, the VAT threshold—the cliff edge, as I think our hon. Friend the Member for Stafford (Jeremy Lefroy) called it—is, in a way, a cutback to the argument about how to define micros. We must be careful, but I welcome the points raised by my hon. Friend the Member for Newton Abbot. As I would like to remain the Minister with responsibility for business and enterprise, I will not pre-empt what the Chancellor might or might not say in his Budget in a few weeks' time. However, those are good representations, and I am sure that the Treasury is listening.

Access to finance is an important issue. We have tried to think about micros. The enterprise finance guarantee was put in place specifically for those businesses without security to offer when seeking a loan, and it is very important for a micro-firm. Under the Merlin agreement, lending to small businesses increased in the past year over the previous year. Perhaps it might not achieve the full 15%, but we have yet to see the final figures.

Anne Marie Morris: Has my hon. Friend's Department asked the banks to break down what sizes of business are benefiting from the schemes, so that he can see how many sole traders and mini-micros with fewer than five employees have benefited? That would be informative.

Mr Prisk: The Small Business Economic Forum regularly meets the small business organisations and the banks. We will ask it for that kind of breakdown, so that we can get a better understanding of the scale of micro, small and medium. It is important.

I agree with my hon. Friend that some of those proposals do not necessarily reach the smallest businesses. That is why we have supported the community development finance institutions. Working through the regional growth fund, we have put together a package in response to an application, so that some £30 million of taxpayers' money can unlock something like £60 million of lending. The money involved is very often the several thousands of pounds that a micro-business needs to make the difference between a good idea that becomes a profitable venture, and a good idea that remains just a good idea. It is an important area and very often it is an area where, frankly, retail banking struggles to justify the work involved to deal with such loans, and CDFIs are well placed to fill that gap.

In finance terms, the business angels are a crucial part of this equation. When we think of micros, we tend to focus simply on the type of lending—whether that is loans, credit cards or whatever—that the smallest of enterprises engage in. But I am a strong believer that, alongside the larger venture capital funds, we need to ensure that business angels are encouraged. That is why we have put together a co-investment fund of £50 million, to start to grow that market substantially.

Anne Marie Morris: That is a great idea, Minister; my challenge is to get that communicated. Can we ensure that the local enterprise partnerships have a role in that communication, because the money is there but nobody knows about it? The new website—the "Business In You" website—has 851 of these schemes listed, and it is fantastic, but it is not something that is easy for someone to work their way around.

Mark Pritchard: Indeed. It is not too difficult, on the basis that I can work my way around it, so it is fair to say that it is not too challenging. Nevertheless, I understand the point that my hon. Friend is making and, yes, communication is important. That is the purpose of the campaign that has been announced by the Prime Minister.

To conclude, we very much welcome this debate. It has been a useful opportunity—albeit one that has been slightly interrupted—to address the questions of what we mean by micros and how can we best help them. As a Government, we are determined to provide the support that micros need and I am confident that in the years ahead the UK will remain one of the best places in which to start, invest and grow a business.

Question put and agreed to.

5.20 pm

Sitting adjourned.

Westminster Hall

Thursday 26 January 2012

[PHILIP DAVIES *in the Chair*]

International Development (India)

[Relevant documents: Eighth Report of the International Development Committee. The Future of DFID's Programme in India HC 616 and Seventh Special Report HC 1486 (Government reply).]

Motion made, and Question proposed, That the sitting be now adjourned.—*(Mr Newmark.)*

2.30 pm

Malcolm Bruce (Gordon) (LD): It is good to initiate this debate under your chairmanship, Mr Davies, and to have the opportunity to debate the United Kingdom's important relationship with India across a range of areas, of which development is just one key facet.

I am pleased to see one current and one former Select Committee member present. Our Committee decided to undertake a review of the UK development relationship with India against a background of critics of aid—those who either do not believe in it at all or want it cut—homing in on the India dimension as a target for demonstrating that, somehow, it was not justified. Those critics used various arguments saying that, for example, "India is a middle-income country", "India has significant economic growth", "India has more billionaires than the UK" and "India has a space programme". Those are true facts, but they need to be qualified. I hope and believe that the Committee dealt with these issues constructively.

The range of income for middle-income countries is from a little more than $1,000 to $13,000. India is right at the bottom end of that spectrum and in reality Britons are 20 times richer than Indians or, put the other way round, Indians are 20 times poorer than Britons.

Mr Virendra Sharma (Ealing, Southall) (Lab): The right hon. Gentleman may agree that although India is middle-income—quite high and rising every day—at the same time it still has as many people below the poverty line as the whole of Africa. Poverty is also a major factor.

Malcolm Bruce: The Committee addressed that argument head-on. It is worth putting on record that the implication of their criticism is that some critics resent the fact that India has billionaires, success and growth. That is what we hope development will bring; that is the whole idea of promoting development. In reality, the UK has partnered India in a constructive way throughout a lot of different dimensions.

It is worth dwelling on the question of space for a minute. India's supposedly extravagant space programme has absorbed $6 billion in total over 50 years, which has been used mostly to give India the capacity to launch its own satellites. A country that is a subcontinent in itself, with a border dispute with China and in Kashmir, a Maoist uprising over many years in Nepal, a civil war in Sri Lanka and problems across the region, has every reason to want information to protect its own national interest. Indeed, there are many socio-economic benefits, such as being able to monitor the path of monsoons and the impact of development. One Minister said, "If somebody comes to me and says that we have completed a school in X or Y, I can check whether that school has been built without leaving my office, because we have the benefit of these things." That is perfectly legitimate, proper and proportionate. Developing countries should not be denied aspirations because they have to deal with poverty.

More to the point, it is a fact that in spite of this success India faces substantial challenges in terms of poverty reduction. As the hon. Member for Ealing, Southall (Mr Sharma), a former Committee member, said, there are still 350 million people in India living on less than $2 a day, which is more people in that degree of poverty than in the whole of sub-Saharan Africa.

The focus of the UK's development programme across the piece is poverty reduction and achievement of the millennium development goals. India needs to be able to deal with those issues in spades, in a sense. It is off-track on MDG 1 on reduction of poverty and on MDG 4 on infant mortality, and badly off-track on MDG 5 on maternal mortality. In these circumstances it is, in the Committee's view, right and proper that we determine whether the UK's development assistance can help resolve those issues.

The Department for International Development's operation report, drawn up since we completed our report, makes it clear that the UK regards development as part of its strategic relationship with India. We should acknowledge that we have a shared history with India, which is contentious but is a fact that has engaged both our countries for several hundred years and, if one parks the fact that they have not all been good and that there have been mistakes and memories that we would rather not have to recall, it is also true that we have achieved a depth of understanding in that relationship about culture, a common language, the same sense of humour and a shared interest in cricket.

There is a natural affinity between the two countries, which is borne out by the scale of the diaspora in the UK and the scale of trade and investment. It is interesting to note that investment between India and the UK is greater than between India and the rest of the European Union put together. These significant, positive benefits reinforce the case made by many hon. Members, who believe that the purpose of development is to deliver poverty reduction and the MDGs and, in the long term, also to create viable states that can develop economically and can and will become development, trade and investment partners. That is precisely what is happening between the UK and India.

In the press release accompanying the publication of the report, which focused on the key issue—I do not often quote myself—I said:

> "The test of whether the UK should continue to give aid to India is whether that aid makes a distinct, value-added contribution to poverty reduction which would not otherwise happen. We believe most UK aid does this."

The other issue that critics raise is that India has a responsibility, as its income rises and economic performance improves, to deliver its own poverty reduction. That is true. The fact is that India is doing a huge amount to achieve that. The transfer of wealth from the rich to the

[Malcolm Bruce]

poor and the programmes on health, education and work, which are raising people out of poverty, cost tens of billions of dollars and are funded by internal resources managed through the Indian Government. By comparison, the £230 million a year of UK aid is a small amount. Is it so small that it does not matter? We concluded that, qualitatively, that aid was able to help Indian authorities and agencies achieve a faster reduction in poverty and an aspiration to deliver off-track MDGs faster than would otherwise be so and that it was, therefore, beneficial. That is also the view of the Indian Government, which is why they welcome the UK as a partner. It is clear that in these circumstances the relationship is right and proper and should continue.

We looked at DFID's priorities to try to assess whether we believe that it matched the needs as the evidence presented to us suggested. We found, first, from objective evidence, that India is an unequal society—tackling that inequality is clearly a challenge and a responsibility for Indian politicians and Ministers—and that the contrast between the richest and poorest states is huge. Some of the poorest states in India are poorer than some of the poorest states in Africa. In that context, DFID had identified that it would concentrate a high proportion of the development in four of the poorest states in India: Bihar, which the Committee visited, Madhya Pradesh, which the Committee also visited, Orissa and West Bengal, which has changed its name to one that I cannot now recall. Those are the poorest states, where a relationship has already been established and where there is evidence that DFID's engagement can accelerate the action to meet the challenge of reducing poverty.

One thing that shocked the Committee, although perhaps those of us who know India well should not be so shocked, was the appalling state of sanitation across large parts of India and, indeed, the acceptance of the appalling state of sanitation. Committee members were genuinely shocked by the figures: 500 million or 600 million people are practising open defecation every day, without any access to the basics of hygiene. That is one of the most fundamental problems that India has to face and one of the reasons why it is off-track on some MDGs.

Jeremy Corbyn (Islington North) (Lab): I compliment the right hon. Gentleman on the report and his speech. During the Committee's deliberations, was it aware of the disproportionate use of bad sanitation by the Dalit peoples and the discrimination against the Dalit peoples throughout the country? That leads to lower life expectancy and worse health outcomes for them than for the rest of the population.

Malcolm Bruce: We were, and I will come to precisely that point. I am grateful for the intervention.

Let me give hon. Members the example of a meeting that Committee members had in a village in Bihar. There was a discussion about sanitation. It was about the extent to which people there had a problem because the surface water was so badly polluted that they could not use it, so they had started drinking from wells polluted with arsenic and iron. When we got into the discussion, it became apparent that there was no shortage of surface water, but it was heavily polluted because there was no orderly way of managing sanitation. People just went to the toilet wherever they wanted to go—anywhere, anytime—and were polluting their own water supply. Indeed, some of them said, "We're killing ourselves and one another by the way we behave."

There was a huge divide, I have to say, between the attitude of men and the attitude of women. The women said, "The least we should do is designate certain areas for sanitation and manage them. That will enable us to have clean areas." The men said that that was sissy, namby-pamby nonsense, that they had always done it wherever they wanted to and that that was what they should always do. It is very difficult for outsiders to get involved in that, but we did watch the argument and concluded that it showed that community-led health and education programmes were as vital as anything.

As a result, the Committee recommended that DFID give a higher priority in its programme to sanitation. We very much welcome the Government agreeing to double the resource that they will put into sanitation in the programme. To be honest, the Committee might want to go even further, but we appreciate the fact that the Government have done that. We welcome it entirely. I will not detain hon. Members by looking for the exact quote in the operational report because I do not have it to hand, but I think that I am right in saying that the expectation is that DFID's programme will give 5.5 million or 6 million people access to proper sanitation. Proper sanitation usually means pit latrines and associated things. That is 5 million or 6 million people who do have not such sanitation now, but it still leaves about 550 million people who will not have been reached. Of course, there are other people engaged in that work, but the provision is a long way short of what is needed.

The second issue that we were especially concerned about was malnutrition. Those who follow the progress of developing countries will know that as poverty falls and incomes rise, there is a correlation with a reduction in malnutrition, especially in children. However, in India, that is not happening. There, malnutrition is decreasing at only a quarter of the normal rate. Again, there appear to be quite a lot of social awareness problems. It is customary, for example, for women to diet during pregnancy in order to have small babies, which are easier to deliver. No one points out to them that they may be small babies, but they are likely to be severely malnourished and, indeed, at risk of not surviving. It is said that the word "nutrition" and the concept of nutrition do not even translate into quite a number of indigenous local languages. We welcome the fact not only that nutrition is a target area for DFID, but that the particular target is the first 1,000 days of a child's life, because all the evidence is that that is critical to whether children survive beyond the age of five and grow up.

The connection between the issues that I have mentioned and maternal and child health is pretty self-evident. That is clearly an important priority, because the maternal health MDG is the one that is most off-track in India. The fact that that is an area where DFID can make a contribution is extremely welcome.

I will now deal with the intervention by the hon. Member for Islington North (Jeremy Corbyn). Social exclusion was an issue on which there absolutely was focus. It is a slightly delicate issue, but one on which DFID and the Indian Government can to some extent work to reinforce each other. It is evident that the poorest people, the people whose communities are furthest

off-track in relation to MDGs, are those who are socially excluded: the Dalits and other low castes, the hill tribes and minority religious groups. When one talks to the Indian Government, they say, "Our constitution and our political drive is to include these people," but given that, culturally, they have been excluded from the community, it is very difficult to enforce that. Sometimes it is helpful for a development partner to identify with statistics and information why the problems persist and the practical measures that could be taken to tackle them. I think that DFID has said that it will prioritise that.

The final issue, on which we would welcome an update from the Minister, was the commitment by the Government, which is entirely consistent with the idea that India is in transition out of being a development recipient to becoming perhaps a development partner, that 50% of the UK programme in India should, by the end of the programme, be targeted on private sector development. In principle, the Committee wholly supported that, because ultimately development is about generating a viable private sector that can generate a tax base, wealth and everything else to sustain the public services.

However, we were not entirely convinced as to whether DFID had any idea about how it would deliver on the target and with what partners. That is not to say that it was an illegitimate target, but I think that we are entitled to say to DFID that it needs to flesh out what it intends to do. I therefore ask the Minister these questions. How can the Government ensure that that private sector development reaches the poorest states and the poorest communities, rather than the low-hanging fruit, which are easier to reach and for which the market might deliver anyway? What might be the role of CDC in its newly revamped format; will it be part of that? What about the role of UK Trade & Investment? We discovered that it is very active in places such as Mumbai, Hyderabad and so on, but does not get to Bihar, Orissa and so on. The question is whether that needs to change.

We accepted, once we had discounted the critics, who simply want to discredit aid and development altogether, that there were legitimate issues about a country such as India, which is developing and creating substantial wealth, technology and innovation of its own, as well as having an aid and development programme. However, when we look inside that, there are two things that absolutely justify the maintenance of the partnership. What I am talking about is entirely in the spirit of the International Development Act 2002, which is focused on poverty and the MDGs.

First, the Indian Government are putting very substantial resources into redistribution and raising taxes to fund their own poverty reduction programme; and they are lifting millions of people out of poverty each year. However, the pace at which they are doing that needs to be accelerated. The UK is important as a partner less because of the resource that we are putting behind that and more because of the expertise and technical help and support, backed by resources, that we can put in. That will help to achieve a situation whereby hopefully by 2015 India will have made material progress towards eradicating poverty, the off-track MDGs will be coming back on-track and we can move from a relationship whereby India is a client state for development to one whereby we are states that are co-operating on partnership and development. Indeed, that is already happening in third countries—for example, in parts of Africa.

The Committee's conclusion was that to have terminated the aid programme in India prematurely would have deprived millions of people in India of an opportunity to be lifted out of poverty, and Britain and India of developing a relationship that could be mutually beneficial to the poor people not just in India but in Asia, Africa and elsewhere in the world.

On that basis, I am happy to say that the Government are fundamentally right to stay in India. We have made some constructive suggestions about what the priorities should be, some of which they have accepted. We also have some questions which the Government will need to answer over time if they are to fulfil their own stated ambitious objectives.

2.50 pm

Mr Michael McCann (East Kilbride, Strathaven and Lesmahagow) (Lab): I endorse everything that has been said by the right hon. Member for Gordon (Malcolm Bruce) in his position as Chairman of the Select Committee.

Over Christmas and new year, I started reading the Max Hastings tome, "All Hell Let Loose: The World at War 1939-1945". In his introduction, he explains that one of the most important truths about war, as in all human affairs, is that people can interpret what happens to them only in the context of their own circumstances. The fact that objectively and statistically, the sufferings of some individuals are less terrible than those of others elsewhere in the world is meaningless to those concerned. The same logic can be applied in the case of India and aid.

I am a relatively new member of the Select Committee, and India was my first overseas experience. Since then, the Committee has visited the Democratic Republic of the Congo, Rwanda, Burundi, and, in December, South Sudan. It is when one visits these places that the relativities of poverty strike home.

In New Delhi, we visited a slum inhabited by third-generation Bangladeshi immigrants; children as young as two and three were rummaging through bins to find waste to recycle. They were paid 1 rupee for a kilo of glass. The community had hooked in—dangerously and, needless to say, illegally—to the electricity supply with the most primitive devices that I have ever seen. In Burundi, the prospect of electricity for a local community is a pipe dream. People must interpret what happens to them in the context of their own circumstances, which is why India must be placed in context. It has a population of 1.2 billion people, 400 million of whom live on less than $1.25 a day, and 800 million of whom live on less than $2 a day. I am pleased that the Government and the Select Committee are not far apart in their assessment of India, which was pored over in some detail by the Chairman just a few moments ago.

I want to highlight just three issues from the report: sanitation, which has already been covered; private investment; and discrimination and social exclusion. On sanitation, the Government agree with the Select Committee's view. The right hon. Member for Gordon mentioned Bihar. On our visit, the Committee split into two groups; one visited Bihar and the other visited Madhya Pradesh. I did not visit Bihar, but when we all joined up together, we discussed our experiences.

In Bihar, a state of 90 million people, public defecation is routine. In some parts of the state, toilets are available but people still choose not to use them because they are

[Mr Michael McCann]

considered unhygienic. Water supplies beneath the ground are contaminated with minerals, while above-ground supplies are contaminated with waste. I am therefore pleased that the Government agree with the Select Committee's view that the emphasis must change from health to water and sanitation. Put simply, poor sanitation is creating a huge number of health problems in the country.

On social exclusion and discrimination, despite the fact that untouchability was outlawed by article 17 of the Indian constitution, it is none the less alive and well. In Madhya Pradesh, we visited a Dalit village and had the opportunity to talk to some women and girls. We asked for examples of discrimination, and two were offered immediately. Manual scavenging, which has been outlawed, is still rife. For anyone who does not know what it is, let me explain. People who are in lower castes have to carry the night waste of people from a higher caste, and they are paid 8 rupees a month per household. One lady explained that she carried out that task for 100 houses. It led to skin infections and miscarriages.

Another example is of a young girl who, because of her under-nourished state, looked about six or seven, when in truth she was about 13 years old. She explained to us that when she went to season her food at school, she was told by the teacher to stop. She was not allowed to put her hand in the same salt as the other children. When she pluckily replied, "I am a human being, too," the teacher said, "No, you are not." That is utterly extraordinary and demonstrates that discrimination is still alive and well. There is much work that needs to be done in that area. As the right hon. Gentleman said, it is good that that is recognised, both in our report and in the Government's response.

The third element is the Government's private sector investment policy. I must declare that I am a sceptic. I agree wholeheartedly that jobs and growth take people out of poverty, but I remain unconvinced by the Department for International Development's approach. I direct Members' attention to paragraph 75 of the report. In an evidence session, I asked the Secretary of State for more details about how the investment would take place. He replied that

"you do not have to have a prescriptive line on this."

I disagree. This is British taxpayers' money, and it is the Select Committee's job to ask the difficult questions. It is the Secretary of State's role to provide the answers, and he could not do so, as the record demonstrates.

The Government's formal response puts a little more flesh on the bone. Like the right hon. Member for Gordon, I want the Minister to give us more detail on what investments will take place. When we were in one of the villages in India, we met a woman who had bought a buffalo. She then bought another buffalo through a micro-finance project. When she paid off the loan, she said of her work-shy husband, "He now thinks that it is his business," which demonstrates that those types of subtleties take place across the globe. Half of the money from the Government programme will go to private investment. We must be told how that investment will take place, because not everyone can buy buffaloes to provide milk for the local communities and repay the loans. I therefore remain sceptical, but I would be delighted to be proved wrong.

In conclusion, there is a widespread recognition that the development relationship with India has to change, but I urge caution. The *Daily Mail* would have us believe that the Indian Government are building space shuttles, which is certainly not the case. In truth, the satellite technology that they are using is more about putting in place communications systems for their vast country, not space exploration.

India is a nation of extremes—wealth and poverty, and freedom and oppression. There is one issue that we must not forget. If we believe that the millennium development goals are the benchmarks by which we will eradicate global poverty, India must be part of the solution. With 400 million people living on less than $1.25 a day, and a further 800 million people living on less than $2 a day, we will never achieve our goals unless India is part of the solution. On that cautionary note, I will end my contribution.

2.58 pm

Martin Horwood (Cheltenham) (LD): It is a pleasure to serve under your chairmanship, Mr Davies, to follow the hon. Member for East Kilbride, Strathaven and Lesmahagow (Mr McCann), and to talk in a debate initiated by my right hon. Friend the Member for Gordon (Malcolm Bruce), whose expertise in this field is second to none in this Parliament. Moreover, he has been an enormous help to me in my role as chair of the Liberal Democrat committee on international affairs, although I realise that today he is speaking in a less partisan role.

I also bring a little bit of personal experience to this debate. I worked for a development agency in India during the 1990s. I was seconded by Oxfam in the UK to the fledgling organisation, Oxfam India, which already had a locally registered charity and an overwhelmingly Indian staff force. Indeed, we had a Hindi slogan, milka hum garibe per pa sekte heh vijay; if my Hindi is not too rusty, that means that together we can overcome poverty. It was an important message that that was not a western import, but something that mattered to all the citizens of India. With your indulgence, Mr Davies, and because I am sure that it is within the terms of the debate, as Oxfam is a DFID partner, perhaps I may congratulate Oxfam on the 60th anniversary this year of its presence in India, and congratulate Oxfam India on its admission as a full member of Oxfam International with an Indian board and a completely Indian staff. That changing relationship is, in microcosm, an illustration of the changing relationship between Britain and India.

Traditionally, India has been the largest recipient of UK aid, and the Select Committee and many other people, as my right hon. Friend said, have raised questions about the continuing nature of Britain's aid programme with India. India is now a middle-income country, but it still has more people living below the notional poverty line of $1.25 a day than the whole of sub-Saharan Africa. The future DFID programme will focus on many of the poorest states in India. States such as Bihar and Orissa are among the poorest in the world, and would certainly be low-income countries if they were separate nations.

On nutrition, the Select Committee's report draws attention to some remaining alarming facts. India scored 23.7 in the 2009 global hunger index, putting it in a

category where levels of hunger are considered to be alarming; it is at a level comparable to that in Burkina Faso and Zimbabwe. Almost half of Indian children are undernourished, which amounts to one third of the world's undernourished children. As my right hon. Friend the Member for Gordon said, India is far from on track to achieve some of the millennium development goals.

Recent research by Andy Sumner of the Institute of Development Studies shows that 70% of people around the world who live below the poverty line live in middle-income countries, where income may be badly distributed, and there may be issues of equality as well as development and superficial growth. It may be attractive superficially to withdraw aid from middle-income countries, but it must be done carefully and gradually, because there are existing commitments to anti-poverty programmes, many of them involving, as my right hon. Friend said, public health, education and empowerment, and not simply providing goods and structures.

The Select Committee's report rightly noted the scale of the Indian Government's expenditure on things such as nuclear and space programmes, which have been controversial, but they identified them, rightly in many cases, as an essential part of India's development. They are fundamental to India's development of energy infrastructure, and to telecommunications infrastructure, and flood monitoring, which is a direct benefit to some of the poorest people in India. Without a satellite system and the so-called space programme, it would be difficult for India accurately to monitor the impact of flooding, and to map flood-risk areas. It may as well be criticised for developing a telephone system or solar energy. I am glad that the Select Committee agrees.

There seems to have been a large measure of agreement between the Select Committee and DFID; not only does the Committee support many of the emerging priorities for DFID, but the Government, in their response to the report, agreed with a large number of the Committee's recommendations—the focus on poorer states, sanitation, nutrition, and the priority given to maternal and child health, social exclusion, and working with the private sector.

I heard the comments of the hon. Member for East Kilbride, Strathaven and Lesmahagow on the relationship with the private sector, but when I lived in India and worked for a development agency there, I became aware that the contribution that organisations such as Oxfam, and even Government programmes the size of DFID's, make to poverty on a grand scale was dwarfed by the potential for the private sector to impact on people's lives, for good or ill. There are good examples of Indian corporations such as Tata pursuing effective social responsibility programmes that are much more developed than anything we in this country tend to call corporate social responsibility. The reality of poverty is often staring them in the face every day, and the Indian corporate sector has a proud record of poverty alleviation.

At the same time, other companies go in recklessly, especially to the poorest states, and exploit natural resources without properly consulting local populations, causing immense damage, sometimes environmental, often social and often costing many lives. The biggest and most famous example is Bhopal, but there have been others on a smaller scale since. Wearing my hat as chair of the all-party group on tribal peoples, I know that some of those examples involve tribal people in states such as Orissa, where companies such as Vedanta Resources were exploiting aluminium potential through bauxite mining, and could easily have trashed the local environment that was precious to the tribal people there.

We must be cautious in our approach to the private sector, but DFID's instincts are absolutely right, and the private sector can sometimes bring light-footedness, flexibility and imagination to development, with an overall potential that is much greater than simple Government-to-Government development aid. That high level of agreement between the Select Committee and the Government is very welcome.

Malcolm Bruce: It is important to note that the Committee is responsible for holding DFID to account for Parliament, and I want to make it clear to my hon. Friend that we take evidence, and we are prepared to address criticism, but that includes backing a Department—particularly when it is under attack for what it is doing—addressing some of the critics, and helping to confront some of the arguments the other way. It is not that we instinctively want the Department to work, but we have a constructively critical approach. The agreement is based on a thorough analysis of the evidence, not some sycophantic, cosy relationship. It is important that that is understood.

Martin Horwood: My right hon. Friend makes an important point. I did not mean to imply even that the Committee had not found fault with DFID's programme. It has given a clear direction on things that in many cases must change, but it is welcome that the Government have accepted many of the Committee's recommendations straightforwardly.

The Secretary of State has said that the UK is in the final mile of its aid relationship with India, and that represents an honest assessment of Britain's maturing relationship with one of the world's leading new powers. Increasingly, the way in which countries such as Britain will help to alleviate poverty in India is not necessarily through aid, but through fair and open trade. The European Union's proposed free trade agreement with India—it might even be mentioned at the forthcoming European Council if we are lucky—is important.

India and Britain are allies on climate change and the ongoing United Nations framework convention on climate change, and I think both appreciate the risk to the poorest people in the world, including those in India, and the need to emphasise adaptation to climate change as well as mitigation in the international climate finance fund, and Britain's climate finance programme. They are collaborators on international peace and security, and they have shared experience on development issues, which could be valuable to countries around the world.

The time is coming when the last vestiges of a colonial relationship should be laid gently to rest and handed over to the historians. India and the United Kingdom now need to stand side by side in the world, standing up for shared values of democracy, respect for the rule of law, and human rights, and with deep concern for the world's poor and how to help them in practical and cost-effective ways through development assistance. Both countries have an enormous amount to teach the rest of the world about development. The eventual end of

[Martin Horwood]

Britain's aid programme to India, when it comes, will be a proud moment to be celebrated by both parties, but it should not be the end of the story.

3.9 pm

Barry Gardiner (Brent North) (Lab): I am delighted to take part in this well-informed debate, and I pay tribute to the right hon. Member for Gordon (Malcolm Bruce), who chairs the Select Committee, for initiating it. He spoke with great knowledge and tact, and he put his questions and criticisms in a probing rather than a partisan way. I hope the Minister will be able to respond to many of them when he sums up.

I would like the Minister to clarify the Government's position on aid to India somewhat in the aftermath of the Select Committee report. India is home to one third of the world's poor and to more than 20% more poor people than all of sub-Saharan Africa. Across India, a child dies every 15 minutes from a preventable disease, one in three people remain illiterate and more than 400 million Indians have no access to electricity.

As the right hon. Gentleman outlined, poverty is largely focused in four Indian states: Bihar, Madhya Pradesh, Orissa and Paschim Banga—the state whose name I think he was looking for, which used to be known to us as West Bengal. Between them, they are home to nearly one fifth of the world's poor.

In 2009-10, Britain spent £295.1 million on development projects in India. Of that, 45% went to the Indian national Government, while 48% was spent in partnership with those four states, which are the poorest in India. Britain's aid targets were health, education, rural poverty, trade development and civil society. Its projects are achieving quite significant progress, providing 9 million slum dwellers with access to water and sanitation last year, putting 30 million more children in primary school since 2003, saving 17,000 lives per year by improving health care and lifting 2.3 million people out of rural poverty since 2005.

The Indian federal Government no longer believe themselves to be an appropriate recipient of development aid—at least not since our Government asked whether they thought they should receive it. Previous Governments had adopted a different approach, saying that that was not a question they would ask the Indian Government and that they simply wished to provide aid to achieve the millennium development goals for the world. Of course, once we ask the question, it is difficult for a proud federal Government such as India's to say that they still want aid. I think the Government made a mistake in asking that question, but it is on the record, and both countries have set out their position, so it has to be respected.

The International Development Secretary gave a mixed message on the future of DFID's Indian programme in his speech on Christmas eve, and we should probe this further. He defended the Indian aid programme, highlighting the fact that

> "India is a place where there are more poor people than the whole of sub-Saharan Africa"

and stressing the success the Indian Government have had. However, he went on to say:

> "Now is not the time to stop the programme in India but I don't think we will be there for very much longer."

The Secretary of State is an eminently reasonable man, for whom I have tremendous respect, and he has done a first-class job since he arrived in the Department. He is a reasonable man and he speaks reasonably, but others do not always speak reasonably, and the right hon. Member for Gordon outlined their argument. Indeed, in yesterday's debate on UK-India trade, which took place in this hall, the hon. Member for Banbury (Tony Baldry) put things rather differently. He spoke of India's economic growth of 7% a year, and said that, with its nuclear and space programme, it had the responsibility to ensure that the benefits of that growth were more evenly shared among its people.

I want to take this opportunity to echo the words of the right hon. Member for Gordon and to address that distortion. India is on course to reduce poverty from 55% in 1990 to just 22% in 2015. No other country has ever managed such a sustained reduction in poverty, taking one third of its population out of poverty in a mere quarter of a century. India has put huge resources, proportional to its budget and its GDP, into poverty reduction. It spends a higher percentage of its budget on education than we do in the UK, its free food programme is the largest hunger-alleviation programme in the world and the employment guarantee scheme has been incredibly successful at getting people into work wherever possible. Since 2004, India has increased the percentage of GDP it spends on health, education and social services from 5.35% to 7.2%. As I say, it spends a higher proportion of its annual budget on education than we do in the UK—12.7%, compared with 11.5%.

Despite India's impressive growth and her progress on infrastructure and urban development, and despite the fact that her middle classes have quadrupled in size in the past decade, India simply could not afford to alleviate her poverty on her own, even if she poured all her resources into it. A 2009 World Bank report noted that even if India legislated for a 100% marginal tax rate, the funds raised would plug only one fifth of its poverty gap. The idea has been peddled that India just needs to tax its flowering industries and its billionaires a little more, but that is a myth, and I am delighted that the Chairman of the Select Committee has nailed it this afternoon.

We must continue to support India in alleviating poverty. That is an international responsibility, and we must meet it. Will the UK Government commit to tying our aid to India to net reduction reductions in poverty and to India's increasing ability to pay for poverty reduction itself? In that way, any decision to stop helping some of the world's poorest people out of poverty would be based on facts on the ground, which can be established and quantified, rather than on what sometimes seem to be the whims of the populist press in the UK.

Those who argue for an end to aid should consider how things would be if Britain bordered the world's next superpower and was surrounded on all sides by failed and unstable states, some with nuclear capacity. Would they then be so critical of relatively high spending on defence and space?

While I welcome the renewed focus on the three poorest states, I think we need clarity. As yet, we have had no comprehensive plan for how DFID will work with the private sector, but only a small number of specific examples. There are hints that much of this

work will involve microfinancing, but will the Minister clarify the situation and perhaps expand on what is being done?

The Select Committee has criticised DFID's internal knowledge of, and experience with, the private sector, particularly in-country. The delivery of such a large fund will require a far greater specialist team, but DFID has announced no plans to implement one. In total, DFID has only 58 private sector specialists, divided between all its projects across the globe. Does the Minister propose to enlarge that team to deliver the micro-level projects that such private sector funding may require?

In his Christmas comments, the Secretary of State described the fund as returnable to the taxpayer, but neither the India project plan nor individual project descriptions give any explanation of what he actually meant. The most likely explanation is that he was alluding to the fact that a large percentage of the funding will be delivered through microfinancing, which is repayable to the fund, and which can then be reinvested. If that is the case, describing it as returnable to the taxpayer in the UK may be misleading. If it is not the case, and the money will literally be repaid to DFID and then the Treasury, will the Minister tell us? We need a guarantee that when these funds are returned, they will be reinvested in full in India to alleviate poverty there.

Another area of concern is the long-term future of the India programme. The Secretary of State has guaranteed funding until 2015. We should certainly support that, but he has also said that he does not think it will continue for much longer, and that he sees it as a short-term programme. That troubles me for two reasons: first, insecurity of funding streams makes planning budgets at national, state and local levels nearly impossible. Deliverers need to be able to count on funding streams in the medium to long term to plan budgets efficiently and effectively. Secondly, although India has made progress in combating poverty, as I outlined, by 2015, 22% of the population will still be living in poverty. We need a guarantee that any reductions will be tied firstly to the rate of reduction in poverty, and, secondly, to increases in India's capacity to bear that burden itself.

I welcome the tightening of focus on the three poorest states, but not if it comes at the expense of the many millions of people living in poverty in other Indian states. For example, Orissa, which was the fourth bilateral partner state with DFID, has, in large part through DFID's work, succeeded in reducing the poverty rate from 21% of its population in 2006 to 4% in 2011. That is a phenomenal achievement. However, the population of Orissa is 36 million, so the remaining 4% means that there are more than 1.5 million people still below the poverty line. That is a population equivalent to the whole of Gabon, Gambia or Botswana. Yet the Department appears to be shifting its focus to sub-Saharan Africa.

The Government are, I think, pushing in the right direction on their India aid programme, but we need clarity about the detail, and we do not have that clarity yet. Will the Minister flesh out what the increased private sector focus will look like, and how and by whom it will be administered? The Government need to provide a sense of security to central and state Governments in India by guaranteeing that any cuts to the programmes will be made for the right reasons, and they need to stop playing up to the hysterical and factually incorrect opinions that too often come from their Back Benches.

3.22 pm

Jeremy Corbyn (Islington North) (Lab): I welcome the fact that we are having a debate on India and on human rights; I also welcome the Select Committee reports and the responses by DFID and the Foreign Office. However, it is unfortunate that two debates are being conflated into one afternoon. Traditionally, for the past 10 years or so, there has been a specific one-day debate here on human rights. I hope that what has happened today is not a harbinger of a future when the human rights debate will be added to something else, rather than being given a stand-alone debate. That is not something for Members at this sitting to decide, but I hope the message will get back to the Backbench Business Committee that an undertaking was previously given that human rights would take up a whole day throughout this Parliament. I hope that that will be adhered to in future.

I want, if I may, to refer to both human rights and India in the debate, which I understand goes on for three hours and can cover both subjects. Am I correct on that, Mr Davies?

Philip Davies (in the Chair): The first half is about India. The second half is about human rights.

Jeremy Corbyn: So why does the Order Paper say they are together?

Philip Davies (in the Chair): One follows the other. The next debate is about human rights.

Jeremy Corbyn: And at what time are we concluding this one?

Philip Davies (in the Chair): We conclude this first and the next debate will be about human rights.

Jeremy Corbyn: So I am half right; I have got half the time.

Philip Davies (in the Chair): The hon. Gentleman can speak in the next debate—I think he indicated that he wanted to speak in it.

Jeremy Corbyn: Yes indeed.

Philip Davies (in the Chair): Human rights should wait for the next debate, but if the hon. Gentleman wants to speak about India he can do so now.

Jeremy Corbyn: I shall briefly make a couple of points on India. My points will be half made, because, as I said, time is restricted and it should not be.

I welcome what has been said about the enormous poverty in India, and the number of people involved. I do not agree with the view in the popular press that we should not give aid to India; I think we should. I want to draw attention, as I did when I intervened on the right hon. Member for Gordon (Malcolm Bruce), to the treatment of Dalit peoples. I say that because I am chair of the trustees of the Dalit Solidarity Network.

[Jeremy Corbyn]

Dalits are the largest group of people in the world who are systematically discriminated against on the basis of their descent and caste. They perform the worst jobs in the dirtiest conditions, and have the shortest life expectancy, the lowest level of education, the worst housing and the lowest pay and employment levels of any group in India or, indeed, the rest of the world. After numerous meetings with DFID, I accept its assurance that British aid is tied; the Department makes the point that we are not going to be involved unwittingly or otherwise in discrimination against Dalit peoples through our aid programmes, and that several projects and programmes enhance the lifestyle, values and opportunities of Dalit peoples. I welcome and support that aspect of what is happening.

I want to draw attention to the issue on a wider scale. It was raised at the Durban millennium summit in 2000 and will no doubt continue to be raised elsewhere. It cannot be right that a country with India's aspirations to modernity and to taking its place in the world, including a permanent place on the UN Security Council—a country that is obviously a major power in every aspect—can allow such discrimination to continue. Whenever I have raised that matter with Ministers or politicians in India, during visits to India, or with the high commission here, those concerned always point to the Indian constitution, which was written by the great Dr Ambedkar, who was himself a Dalit, although he later changed his faith from Hindu to Buddhism. Dr Ambedkar's constitution is a remarkable document and clearly outlaws discrimination on the basis of caste or descent. However, it is equally clear that in reality Dalit people's opportunities to get access to justice do not exist in many parts of the country. Denial of access to the law, discrimination against them by the police and by employers, and the traditions that are continued in many villages, are inimical to the interest of Dalit people.

Martin Horwood: The hon. Gentleman is right to draw attention to discrimination against Dalits, and not just Hindu Dalits. There is continuing discrimination even among people who identify themselves as Christians, or even Buddhists or Muslims, who are from Dalit families and communities. However, he must acknowledge the long-standing campaign by the Government of India to reduce discrimination and provide work opportunities. The Government should take considerable credit for the progress that they have tried to make with an admittedly enormous social problem.

Jeremy Corbyn: The hon. Gentleman makes a reasonable point, and I accept and understand that, because of the constitution and pressure from leaders of the Dalit community—which he rightly points out is not entirely Hindu but includes many different faiths—for a long time the Government of India have established reserved occupations and employment levels for people of Dalit descent. There is therefore a certain level of public employment of Dalit peoples, which is often the only access to any kind of normal, sustainable employment. The discrimination operates through the informality of other work, and through discrimination by a large number of private sector employers—but, interestingly, not usually the international ones; it is much more likely to be the smaller, local businesses. Some progress has been made, but the protection of a proportion of employment in public service for Dalit people often enables Governments to feel satisfied that they are doing their bit. However, it does not address the wider issues of the fundamental discrimination that goes on elsewhere.

I know that the Minister is fully aware of the matter, and I hope that the Select Committee on International Development, and the rest of the world, will keep its eye on it. The way in which 200 million people in India and in some other countries, such as Tibet, are treated because of discrimination by caste and descent is simply wrong. Apartheid in South Africa was wrong, and Dalit discrimination is equally wrong anywhere in the world.

3.29 pm

Rushanara Ali (Bethnal Green and Bow) (Lab): I pay tribute to the right hon. Member for Gordon (Malcolm Bruce) and to the Foreign Affairs Committee for its inquiry. I also welcome the contributions to this debate.

A range of issues have been cited, including sanitation, health, tackling discrimination and exclusion, and the continued need for a focus on poverty reduction, given the changes proposed by the Government in respect of the important role that the private sector needs to play in Indian development. We must consider how we make such a transition in a way that maintains focus on alleviating poverty and tackling inequality.

India is a hugely important country for our aspirations in meeting the millennium development goals, for the future of international development and for economic development and growth. As the right hon. Member for Gordon and others have pointed out, our two countries not only have historical links—as shown by the success stories of the UK's Indian population—but a strong future to look forward to and be optimistic about, if we play our cards right, both in terms of our work in international development and in terms of our economic relationships. Those relationships include the strengths that we have through our diaspora communities here in this country and their trading and family links with India, as well as their interest in alleviating poverty in India. Of course, the diaspora communities play a key role by providing remittance aid and support to India. We have a rich array of mechanisms for contributing to India in order to see it thrive and, in time, we ourselves will benefit from helping India; indeed, we are already benefiting.

We can rightly be proud of the progress that we have all worked for in making our contributions through the UK aid programme and other links towards India becoming a middle-income country. Although India takes the credit for getting to that stage of development, our relationships with and contributions to India should not be underestimated.

As right hon. and hon. Members have pointed out, 72% of the world's poor now live in middle-income countries and, given that fact, we must change the way that we provide development aid. Once India was squarely in the group of developing countries, but now it is a roaring economic success story. The three decades following India's independence saw minimal progress, but that

legacy was cast aside in the next three decades, as India enjoyed staggering growth figures. India is one of the fastest growing economies in the world, even at a time of global economic crisis. Its economic growth has topped 7% in just about every year since 1980. As President Obama said during his 2010 visit to India:

"India is not emerging, it has already emerged."

What is remarkable about India's growth is that it has not just been dependent on labour-intensive, low-priced exports to the west. Instead, it has been driven by a new middle class consuming domestically produced goods, the rise of service industries and a focus on high-tech manufacturing. Innovation and entrepreneurship have been central to the birth of the new India, which many of us are very excited about, especially those who have an origin there. I myself do not claim to have an origin in India, but many people in my constituency and in other Members' constituencies do. Their presence in Britain is a positive example of the links between Britain and India.

As the former colonial power, Britain has had a long, if sometimes chequered and challenging, relationship with India, which several Members have pointed out. As we look to the future—not only the future of India, but the future of Britain—we have a unique opportunity to build a new and special relationship between the two countries, which will provide a significant opportunity for the UK economy in the years ahead. We can already see the benefits of that relationship, and in the years to come there is no reason why we should not continue to see them.

Although our aid programme is not about promoting economic opportunities, as several Members have pointed out, if we can establish an appropriate aid strategy, there will be great dividends, not only for our economy but for India's. It will be of mutual benefit for the two countries.

Having said that, there are two Indias and that has been reflected in the Select Committee's report and in the contributions to this debate. One India is vibrant, innovative and at the forefront of a new political and economic powerhouse, but the other India looks much less inspiring. The testimonies that have been given in the Select Committee's report, some of which were given to the members of the Select Committee on their visit to India, show that there are two Indias. There are references in the report to human rights violations and discrimination, which are faced by particular groups, such as the Dalits, women and other religious minorities. There are also concerns about lack of freedom of speech and other human rights violations, and we should maintain our focus on those issues.

The reality is that, behind India's story of success, there is also deep poverty, which all the Members who have contributed to this debate have highlighted. There are 800 million people in India living on less than $2 a day, half of whom—400 million people—live on only $1.25 a day.

A third of the world's poor live in India. As several hon. Members have pointed out, there are more poor people in India than in sub-Saharan Africa. Tackling such poverty and inequality must be the focus of our development programme.

Regarding the work that we have already done, when Labour was in power, there was a great focus on reducing maternal mortality in India. Huge progress has been made in that area, but much more needs to be done, given that India still accounts for a fifth of all maternal deaths globally. Child mortality in India has also fallen, but each year 1.83 million children in India still die before the age of five. The Select Committee's report highlights many of these continuing challenges and, in essence, points to the need for a continued or even renewed focus on alleviating poverty.

Although the promotion of the private sector's role in providing aid to India is significant, and builds on some of the work done under the last British Government, there are major issues that need to be addressed, as has been pointed out already in this debate. If we are to channel 50% of our aid to India through private sector development, it would be valuable to see precisely how that will be done. What kind of programmes will be beneficial for pro-poor development? It is also important that there is sufficient monitoring and evaluation of the programmes and their funding, including programmes that are in the private sector. Just as we set tests for non-governmental organisations when we channel aid through them, it is vital that the same standards of measurement and transparency are applied to aid that is channelled through private sector organisations.

There are great opportunities for developing the private sector's role in providing aid. We can see the impact that microfinance has already had in many parts of the world, including in India, Bangladesh and many other countries. However, although we welcome the role that the private sector can play in tackling poverty in India, there is a real need to ensure that our focus remains on poverty alleviation. Right hon. and hon. Members have highlighted the need for that focus on poverty to remain, and it would be valuable to see more detail in the Department for International Development's plans, to build on the detail that has already been provided.

I want to highlight a couple of other issues, one of which relates to monitoring. We believe that the Department should provide further information on the significant investment being channelled through the private sector, including details of the kinds of investment and of how it will focus on poverty. The second issue relates to gender, on which there has been some emphasis. How precisely could programmes such as microfinance be used to support women and create economic opportunities for them?

I welcome the contributions made by the members of the Select Committee and, in this debate, the focus on ensuring that we continue to provide assistance to India. Looking forwards to 2015, we must consider how best Britain can maintain its focus and act as a catalyst through its aid programme, but we must also ensure that we have a way of exiting that ensures that India can be genuinely self-sufficient. We must leverage our influence and resources in such a way that over the coming years—post 2015—India is genuinely in a position to itself provide the welfare systems and support needed to tackle poverty and is no longer dependent on aid, from Britain or anywhere else. The facts and numbers show, however, that we are a long way from that, and Britain must therefore continue to maintain its commitment to the aid programme until such time as India is genuinely in a position to lift the millions who remain in poverty and who require our assistance.

3.41 pm

The Parliamentary Under-Secretary of State for International Development (Mr Stephen O'Brien): I congratulate the Chairman of the International Development Committee, the right hon. Member for Gordon (Malcolm Bruce), on securing this important debate, and I thank him for his excellent speech, which reflected the combined work of him and his Committee members. It not only focused on the India programme, but set it in a context that had a huge read-across to the justification and principles that underlie where we should place our UK effort to be partners in aid, and then to graduate to development and to securing a better future for people who have many disadvantages. His comprehensive, thorough, thoughtful and evidence-based speech got the debate off to a most respectful and useful start. Our timing happily coincides with the Foreign Secretary making, as we speak, a keynote speech to launch the King's India Institute at King's College, on what is India's republic day and the 62nd anniversary of the signing of its constitution, so there is some poignancy to the debate.

Let me put the debate into context. When the coalition Government came into office in 2010, we made it clear that we wanted to build a different style of international development, one based on dynamic partnerships that reflected our networked world and focused on a relentless pursuit of results and value for money in the Department for International Development's work. Our vision acknowledges the prominence and value of Britain's involvement in the alliances on development that were so important in the past, but also looks to the relationships and international forces that will shape the future.

Engagement with the emerging powers is a cornerstone of the policy, as the Secretary of State for International Development set out in a speech at Chatham House in February last year. I am sure that Members will have noted, as did the Secretary of State in that speech, that in the space of a few short decades the world has become a very different place. Whether we are talking about the BRIC countries—Brazil, Russia, India and China—the Asian dragons, the tiger economies or the gulf giants, the new powers will influence world affairs in the future, and it is therefore in our interests to engage with them now.

Of all the emerging powers, it is India with which we will have the most multidimensional relationship and partnership. Our shared history, and political and personal links, all mean that India is important to the United Kingdom, and the Prime Minister's visit so soon after the election in 2010 reflected the importance we attach to the relationship.

As the right hon. Member for Gordon is aware, in the last year we have completed a root-and-branch review of the aid programme to ensure that our spend is targeted where it can achieve the greatest results. The review made it clear that we can achieve real results for poor people in India. Why? Because the Indian Government are ploughing record tax revenues into poverty reduction programmes, and in that environment, our development expertise can ensure that the impact of those resources is maximised for the benefit of the poorest in Indian society. Indeed, we estimate that the United Kingdom's aid has lifted 2.3 million people out of poverty in rural India in the past five years and put an additional 1.2 million Indian children into primary school since 2003, demonstrating that there has been a succession of Administrations with a shared responsibility.

The value of these efforts received cross-party endorsement when the International Development Committee completed its assessment of the UK's development programme in India and concurred with our decision to continue our funding until 2015. I recognise the right hon. Gentleman's perfectly legitimate, well-articulated and constructive criticism, and his constructive approach to holding a Department of State to account—through his Select Committee, in this case—and I hope it is noted that DFID delayed finalising the 2011 to 2015 operational plan for India until after his Committee had made its recommendations. We were then able to take the recommendations into account before publishing the operational plan on the DFID website in October 2011.

The pace of India's transformation to date has been remarkable, as hon. Members have noted. Although economic growth has slowed in recent months, India is still achieving enviable rates of growth—rates we would give our eye teeth for—lifting 15 million people out of poverty every year. But we know that the benefits of the growth are not being shared equally and the scale of Indian poverty remains massive. India's poorest states—each of them larger than most African countries, as has been well noted—still face huge development challenges. More than half the girls in Madhya Pradesh do not yet go to secondary school, more than half the young children in Bihar are undernourished, and one quarter of all pregnancies are unwanted or mistimed.

Our decision to maintain our programme in India was coupled with a very clear conviction, well picked up by the Select Committee, that the programme should also be radically different. Because of India's economic growth and its own increasing resources, we are bringing the development partnership up to date. Since the publication of the International Development Committee's report on the future of aid to India, we have agreed a new approach with the Government of India, and I think that the right hon. Member for Gordon importantly wanted to ensure that that had happened.

The approach has three main pillars. The first is an innovative new private sector programme, using returnable capital to promote pro-poor private investment in India's poorest states. Rather than just read out the bullet points, I will give a bit more detail, to pick up on some of the points raised, particularly by the hon. Members for East Kilbride, Strathaven and Lesmahagow (Mr McCann) and for Brent North (Barry Gardiner). It is in the interests of the poor and the UK taxpayer that resources are used sparingly and only where most needed, attracting private capital where possible, but it makes good value-for-money sense, and it is certainly good for poverty reduction, to use our resources over and over again if we can. So the answer is yes, the resources will be reapplied for India. I say "if we can," because we must ensure that we preserve at all times the ability to apply rigour.

Malcolm Bruce: Is my hon. Friend able to say what the CDC's role will be? The CDC is being revamped, and it seems that some of this returnable kind of capital would be appropriately delivered through that body. Is

there an active dialogue between DFID and the CDC about how the private sector funding will develop in India?

Mr O'Brien: The right hon. Gentleman makes a very important point. In many degrees, this is a question of a stratified approach. It is really to do with the risk appetites and the profile of the funding instruments that lie behind it. I can certainly confirm that we hope that the revamped CDC will be able to take a greater interest in applying its patient capital approach, particularly to some of the infrastructure support that lies behind economic development, not least in the poorest states. But let us be absolutely clear, with the DFID instruments, we are able to put forward the funding that we do because our capital can take bigger risks in riskier places than even that of the CDC. We have to recognise that there is a connection, but not necessarily an overlap.

Barry Gardiner: I am particularly grateful to the Minister for addressing the point about the returnability of capital, because it is an important one to clear up. Will he state absolutely categorically that "returnable to the taxpayer", which I believe is the phrase the Secretary of State used, does not mean that the capital should be returnable to the British taxpayer but that it should go back to the fund, and then, as the Minister said, be reapplied for the alleviation of poverty?

Mr O'Brien: I confess that, in all my briefings, I have not seen the phrase "returnable to the taxpayer" used by anybody. Let me be clear: this is returnable in relation to the repeated use of the resources for the application of their purposes in India. That is the idea. The International Development Act 2002 allows us to use returnable capital instruments, such as equity investments, guarantees and other hybrid forms—combined loans and equities—that promote development and poverty reduction.

There are entrepreneurs who improve the delivery of basic services. For instance, Irfan runs mobile clinics that provide a comprehensive range of outpatient medical services to poor people who are left out. He needs capital to buy the mobile vans and operate a professionally managed unit to provide quality service and make a profit. We can help entrepreneurs like him to do both, so that we have development and the sustainability provided by a profitable business. That is an example of a private sector programme.

The second pillar that we have agreed with the Government of India is a programme to help women and girls break the cycle of poor nutrition, poor education and early pregnancy that traps so many in India in poverty. That will focus our programme on the poorer states of India, particularly Bihar, Orissa—which has been renamed Odisha—and Madhya Pradesh.

A good example of transformation relates to some of the basic issues identified not only by the right hon. Member for Gordon, but by the hon. Member for East Kilbride, Strathaven and Lesmahagow. Mention has been made of manual scavenging—people cleaning toilets with their hands—which is not something that any of us could easily contemplate. The Department of International Development is supporting the Indian civil society organisations and there has been a series of successful local campaigns on the issue. We hope that, soon, this shameful practice will no longer exist.

Jeremy Corbyn: I am glad that the Minister is addressing this issue. What monitoring is taking place of private sector organisations that might be in receipt of equity capital via Britain or public sector organisations, in order to ensure that there is no discrimination anywhere on the basis of caste and descent? We should support the Dalit civil rights organisation and others, as the Minister has rightly said, to lift them out of the poverty and discrimination from which so many of them suffer.

Mr O'Brien: I listened carefully to the hon. Gentleman's speech. He focused in particular on the Dalit population, and the third pillar that we have agreed with the Indian Government directly addresses his point. It is a new programme of co-operation with India on global issues, such as climate change, trade and food security. Linked to that is addressing full-on social exclusion. We have agreed with the Government of India and Odisha to set up a conditional cash transfer scheme to help more than 220,000 tribal and Dalit girls who are currently in the last year of upper primary school get the opportunity of secondary education.

Our civil society programmes in India are consistent and directly target the poorest and most vulnerable people, particularly the Dalits. They also target tribal people, Muslims, women and disabled people in order to get them to organise, understand their rights and get access to services and opportunities that they have often been denied. In direct response to the International Development Committee's recommendation, we will increase the funding available to civil society organisations to work with the poorest and most excluded people in the poorest states. That will cover 120 of the poorest districts in India. DFID's poorest areas civil society programme—PACS—focuses explicitly on tackling social exclusion, discrimination and inequality. The hon. Gentleman rightly mentioned monitoring and evaluation, which are crucial because otherwise we would not receive any feedback. They are designed into the programmes, so we will be able to report on them as they develop and make sure that we are held to account on their performance.

Mr McCann: On pro-poor private investment, one of the Committee's issues was how that would be scaled up so that half the budget could go on those types of projects. We have witnessed microfinance projects, but the scaling up of those would mean thousands, if not hundreds of thousands, of individual projects. We are most concerned about how that would be managed. Will the Minister provide more detail on whether he expects microfinance projects to be the foundation of how the money will be spent?

Mr O'Brien: I hope that I will have enough time to answer that question. I have a great slug of information to add on the private sector but, given the topic of the debate, I want specifically to cover the recommendations of the IDC's report. The IDC has made a valuable contribution to the new shape of our programme in India and its recommendations encompass the points highlighted by the Opposition spokesman, the hon. Member for Bethnal Green and Bow (Rushanara Ali).

As the Committee noted, UK aid matters in the poorest states, where there are the fewest donors and where growth has not yet made a significant impact on poverty. We are therefore focusing on those poorest

[Mr O'Brien]

states, and we will help states access India's own resources, improve the environment for business and investment, make sure that the public get a better deal from public services, improve financial procedures and reduce corruption.

We have taken note of the Committee's recommendation to concentrate more resources on needy sectors, and we plan to double our support—this is an important point, first raised by the Chairman of the Committee—for water and sanitation over the next four years, giving 5 million people access to better sanitation. We want to increase the amount of burden-share that others may assist us with, but let us be clear that, through community approaches, for every pound we spend on sanitation, we expect Government partners to spend approximately £20. We are piloting community-led total sanitation in Bihar and, assuming that it proves effective, will roll it out.

The Prime Minister of India recently described child malnutrition—another point raised by the Committee Chairman—as a national shame. Over the next four years, DFID aims to reach more than 3 million children through nutrition programmes, including—not least over the first 1,000 days and with the Governments of Madhya Pradesh, Bihar and Odisha—a programme on child-feeding, micronutrient supplements and diarrhoea management. Trained community health workers are very much part of that programme. Our energies are focused on delivering the results expected of our programmes. For instance, 447,000 births between 2011 and 2015 will be delivered with the help of nurses, midwives and doctors in those three states, but it is too early to finalise our plans for post-2015.

I appreciate the interest of the Committee, but let us be clear that we will not be in India in a development relationship for ever. Our aim over time is to move from an aid-based relationship to one based on shared contributions to global development issues, not least climate change.

Malcolm Bruce: Will the Minister acknowledge that, according to our discussions with the Indian Government, they themselves see the relationship changing and coming to an end? It is not just a decision for the United Kingdom Government; it will be a joint decision between the UK and the Indian Government.

Mr O'Brien: I appreciate that. It has to be a progressive partnership throughout. There will be some gradations of transfer. As I think the right hon. Gentleman recognises, in the past it was not appropriate to draw a line and there will be no absolute cut-off in the future.

We all know how important the private sector will be. The Secretary of State visited India recently. We believe in helping entrepreneurs who have innovative and creative ideas get access to some form of funding—above and beyond microfinance—to help them have a lasting impact on poor people. That is demonstrated by the increasing numbers of staff in our Indian office who are focused on these matters. The Secretary of State also secured the Government's approval of a new programme promoting investment in India's poorest states. The Samridhi partnership is the first private sector development project, and it will be delivered in partnership with the Small Industries Development Bank of India. He also supported the expansion of microfinance plus patient capital to entrepreneurs. Such projects will be developed and we will have to monitor and evaluate them, but the important thing is to make sure that they deliver the necessary profitable, sustainable businesses, as well as the pro-poor development goals that we all want to achieve.

As the Secretary of State found on his visit, we have made progress on the transformation of our programme. Our challenge now, as noted by the Committee Chairman, is to press ahead with work to achieve ambitious results. We plan to deliver for India's poor and to work together with India to secure development outcomes on a global scale and in the context of a gradual but important process of graduation from aid to, ultimately, a truly global partnership based on trade.

3.59 pm

Malcolm Bruce: I thank all hon. Members who have contributed to the debate, which has been extremely positive and constructive. The Committee's mood and the Minister's response is that we are working in partnership with the Government and the people of India. Indeed, what we are doing, we are doing together and in full participation. The fundamental concern and objective is to ensure that the poorest of the poor people in India get the support that they need to stop being poor as fast as possible. The UK's ability to accelerate that process will be the most positive measure and judgment of our engagement.

Human Rights

[ANDREW ROSINDELL *in the Chair*]

[Relevant documents: Eighth Report of the Foreign Affairs Committee, The FCO's Human Rights Work 2010-11, HC 964, and the Government's Response, Cm 8169.]

4 pm

Richard Ottaway (Croydon South) (Con): It is a pleasure to speak for the first time with you in the Chair, Mr Rosindell. As you are a distinguished member of the Select Committee on Foreign Affairs in your own right, I can think of no one more appropriate to chair this debate.

The Committee has published its report on the Foreign and Commonwealth Office's 2010-11 human rights report. I am delighted that we have the chance to debate it today. Human rights are under the spotlight around the globe, so nothing else could be more important to debate. I welcome the Minister to the Front Bench, having seen him in other incarnations today; he is obviously having a busy day. I pat the Foreign Office on the back for its decision to honour its election pledge to continue publishing its annual report on human rights, albeit in a more cost-effective form.

Jeremy Corbyn (Islington North) (Lab): The Chairman of the Foreign Affairs Committee was not here for the earlier debate on India, which lasted for one and a half hours. Apparently, we now have only one and a half hours to debate human rights. Will he use his good offices as Chairman to ensure that, in future years, we have a full day's debate on international human rights? It is simply not good enough for the British Parliament to spend one and a half hours a year on international human rights.

Richard Ottaway: The hon. Gentleman is absolutely right. I suspect that that point may be made by other hon. Members today, and I agree completely with the sentiment. For that reason, I do not intend to speak for too long, to allow others to speak.

I welcome the fact that the Government are still publishing human rights reports, although in a more modest form than in the past. I am delighted that Amnesty International welcomes that as well and has said:

> "It is something that we value enormously...we have real respect for this report".

I also welcome the fact that the Government continue to update the list of countries of concern online on a quarterly basis and that they have established an advisory group on human rights that includes practising lawyers, academics and representatives of non-governmental organisations, many of whom have eminent positions in the human rights system. Again, Amnesty welcomes that, for the obvious reason that, if experts talk to the FCO, it can produce a more informed report.

The report was based mainly on the period from January to December 2010. Much has happened since then in the human rights field, with the Arab spring, Bahrain, Syria, Russia and numerous other important events. On the Arab spring, the Foreign Affairs Committee will go to Egypt, Tunisia and Libya in two or three weeks' time. The role of the Foreign Office in recognising and promoting human rights there will be a part of our inquiry as it develops.

I will touch on a couple of countries of concern. The first is Bahrain, about which I suspect we may hear more and where there have been many developments. I will not go through them now, as colleagues will be well aware of them, but it was our view that Bahrain should have been included in the report's list of countries of concern. In response to the Select Committee's requests for an update on the situation in Bahrain, the Secretary of State wrote to me saying:

> "We do not hesitate to express disagreement with the Bahraini authorities. Although we do not agree on everything, Bahrain is a key ally of the UK and this close relationship allows us to have the frank discussions that often are necessary. We have, therefore, made it clear to the Bahraini Government that the civil rights of peaceful opposition figures, along with the legitimate exercise of freedom of expression and peaceful assembly, must be respected."

I support that approach. I recognise the Bahraini regime's dignified response and its establishment of the independent commission of inquiry, but I encourage the Foreign Office to keep on the button as far as Bahrain is concerned, to follow through on the commission's work and to ensure that the Bahraini Government implement the necessary reforms.

The second area of concern is Libya. Again, I need not remind the House of the developments there, but it is worth quoting the United Nations High Commissioner for Human Rights, Navi Pillay, who addressed the UN Security Council recently. She raised concerns about the detainees being held by revolutionary forces, saying that some 8,500 prisoners were being held in about 60 centres. She said:

> "The lack of oversight by the central authority creates an environment conducive to torture and ill treatment."

The Minister responded by confirming that the Government

> "do not lose sight of the victims of this conflict. The conditions of those in detention have been raised by Ministers on visits, and directly with the Libyan Government."—[*Official Report*, 17 January 2012; Vol. 538, c. 609.]

The situation at the moment is pretty dire. Militias are free to roam around, and unlimited weapons are available. We need basic adherence to the fundamental human rights that we consider important. Again, the Committee will consider that.

However, it is not all bad news. Across the globe in Burma, distinct improvements have been made. I like to think that that is a result of pressure by the international community. Changes have been made to the electoral law that allow Aung San Suu Kyi's party to register for the forthcoming by-elections, political prisoners have been released and moves have been made towards greater media freedom, all of which are important human rights advances that we recognise, welcome and accept. We must work to secure more critical resolutions in the UN and make our concerns known at the highest level with Burma's neighbours, as well as our expectation that continuing pressure will be kept on the country. I urge the Foreign Office to remain vigilant and press for further reform, but we should recognise that the improvements have come about partly as a result of the Government's influence.

[Richard Ottaway]

The next report will consider some cross-cutting issues, subject to the Committee's agreement. We will be considering involvement in rendition, and we welcome the fact that the UK has examined its own human rights practices in that area. We are looking forward to hearing in more detail why the detainee inquiry chaired by Sir Peter Gibson has been brought to an end. From what I hear, it was clearly the right decision, and I welcome the fact that the Foreign Secretary has kept open the intention to hold an independent, judge-led inquiry after all police investigations have been concluded. That is obviously the right way forward. I hope that the Minister can confirm that.

The Minister's colleague, the Minister of State with responsibility for soft power, wrote to us in November to say that Ministers have commissioned further work on the strategy and that a final version of the paper has still to be published, but did not include a date. Can the Minister update us on what is causing the delay and what exactly will be published? We touched in our report on the public diplomacy aspects of the Olympic games, so our dialogue with the Foreign Office on that matter has been ongoing.

I shall briefly touch on programme funding and official development assistance for human rights. There seems to be a bit of a dichotomy in that one has to be eligible for ODA funding to qualify for a human rights funding programme. It is conceivable that a country that at first sight may not qualify for ODA funding—the Chair of the Select Committee on International Development has gone now—has a human rights aspect that needs funding. That seems a little odd.

In conclusion, I should like to raise the fact that the World Service is being jammed by Iran and that there are problems with the BBC Persian TV output, which is particularly important in this area. Independent research shows that, in that part of the word, the service is the most trusted, impartial and objective international radio programme, which is probably why the regime is jamming it. I understand that Iran is a member of the International Telecommunication Union, which is a United Nations body. As such, it has committed itself to the free exchange of information and data for the benefit of all. Iran is therefore in breach of its obligations under that treaty. Again, I hope that the Foreign Office can take that up with the regimes.

I will now leave it to other hon. Members to express a view on our report, which we think is particularly important. We will publish another such report this year. I look forward to hearing the contributions of other colleagues.

4.11 pm

Ann Clwyd (Cynon Valley) (Lab): It is a pleasure to serve under your chairmanship, Mr Rosindell, although I suspect it is a case of poacher turned gamekeeper. You are normally on the Foreign Affairs Committee along with us, and I am sure that you would have made a contribution to this debate if you were not chairing it.

I acknowledge the importance of the annual report, which was an initiative of the previous Government. I am glad that this Government have carried it on. As chair of the all-party group on human rights, I must say that the report provides a useful tool by which to understand the FCO's stated positions on particular issues, as well as for parliamentarians and civil society to challenge and measure the Government against those ambitions and principles.

I welcome the FCO's initiative to release quarterly electronic updates on the countries of concern listed in the report. However, it is critical that the report continues to be annual and comprehensive and that it is released publicly in a paper format. I agree with others: it is a pity that a debate of this kind is being squeezed into a very short period. Such a debate should be held on the Floor of the House, not in Westminster Hall.

The Foreign Secretary states in his foreword to the 2010 report that human rights are part of the FCO's "irreducible core" and that the promotion of human rights is

"indivisible from our foreign policy objectives".

Those are very worthy statements and, of course, I welcome them. In April last year, I sent a written question to the FCO seeking to ascertain the number of identifiable human rights officers posted to British embassies and missions overseas, which is a perfectly reasonable question to ask. The Government say that they support human rights as a general principle, and I am sure they would acknowledge the importance of bilateral defence relations and country-to-country trade. British embassies around the world have identifiable personnel who are responsible for ensuring that British positions on defence, trade and investment are heard and, we hope, acted upon. It seems to be perfectly reasonable, therefore, to ask how many human rights officers operate and in which countries.

In the response—not from this Minister; it was on a particularly busy day—the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for North West Norfolk (Mr Bellingham), said that all staff at all locations had human rights as a top priority and that

"For operational and security reasons we cannot give further details of staff deployments and activity levels".

I asked that question again when the FCO Minister responsible for human rights appeared before the Foreign Affairs Select Committee, and I was given a similarly implausible answer. I say implausible because, in answer to a written question in the other place on 8 November 2010 about the number of military attachés deployed in British embassies overseas, the Government were able to give a detailed list of attachés in individual embassies in Europe, the Americas, Asia and Africa, including the distribution by rank.

Today, the Committee received a letter from the Foreign Secretary in which he, again, does not answer the question. He obscures the issue by raising security and operational concerns, so I still have not got an answer. However, he did promise to come back to the Committee with an estimate of the scale of resources devoted to human rights work across the network. I look forward to that and hope it will be more enlightening than the answers that I have received from FCO Ministers to date. Someone with clout must be identifiably responsible for human rights—monitoring and reporting, meeting civil society and advocating British positions with academics and Government officials, gathering data on the ground

and producing expert information on political, social, economic and legislative developments that have worrying consequences for human rights in a given trouble spot. That is precisely the kind of human intelligence we need to understand emerging problems and, where possible, prevent them.

I should like to refer to striking the balance between trade and human rights. What the Arab spring has shown is that the UK has been much too lax in the monitoring of the sales of arms and dual-use equipment to Governments in the middle east and elsewhere. That applies to the previous Government as much as it does to this one. Although we have applauded popular calls for democracy in the middle east, we have frequently seen those calls answered with British-made weaponry and surveillance equipment. The licensing of a wide variety of weaponry and components to countries such as Bahrain, Egypt, Iraq, Jordan, Libya, Saudi Arabia, Syria, Tunisia and Yemen has been misguided. Licences must be rejected when there is a substantial risk of arms being used to commit or facilitate serious violations of international human rights or humanitarian law.

Let us consider, for example, the case of Bahrain and Saudi Arabia. Through summer and autumn last year, very credible human rights non-governmental organisations were documenting severe human rights abuses by the Bahraini security services—those allegations have since been backed up by the King-appointed independent commission of inquiry—and Saudi troops were being sent into Bahrain. Yet in September last year, both the Bahraini and Saudi authorities were invited to attend the Defence and Security Equipment International arms fair here in London. For those of us concerned by human rights and the momentum of the Arab spring, it seemed completely absurd for our Government at one moment to wring their hands over the situation in Bahrain and say that they were doing all they could, while simultaneously the self-same Government were invited to London and encouraged to buy more weaponry. How can the Government be regarded as credible among civil society and the populations of the middle east when they seem intent on undermining that credibility with those kind of inconsistencies?

On a matter related to human rights credibility and the arms fair that I mentioned a moment ago, I serve on the Committees on Arms Export Controls, which has been hearing some alarming information about the trade fair. That is important with regard to our discussions, because the former Defence Secretary, the right hon. Member for North Somerset (Dr Fox), gave a speech at the trade fair and said:

"defence and security exports play a key role in promoting our foreign policy objectives."

At the same trade fair, it was discovered by campaigners that two Pakistani exhibitors were displaying promotional material for cluster munitions, which of course are banned by international law. That is not the first time that DSEI has been involved in controversy over exhibitors promoting banned equipment. Both the organisers and the Government should, by now, have a clear and robust compliance procedure to ensure that the UK is not a safe haven for the promotion of weaponry and equipment that is otherwise banned. It should not be left to NGOs and activists to police events that a Defence Secretary endorses as having a key role in promoting our foreign policy objectives. *[Interruption.]* I am recovering from flu, Mr Rosindell, and getting a bit croaky, so I shall wind-up quickly.

I urge the Government to reassert their diplomatic influence at the UN in 2012 to press for a comprehensive global arms trade treaty that will have a genuine impact on poverty and armed conflict in some of the most fragile societies. In recent evidence provided to the Committees on Arms Export Controls, the UK working group on arms—a coalition of NGOs, including Amnesty and Oxfam—told us that

"other supportive states (including major UK allies) have been telling us at the UN that their impression is that the UK has 'rolled back' in its leadership and activity on the ATT. Comments tend to focus on UK interventions at the ATT being notably much less substantial than in previous years, a reduction of political profile, and an absence of senior official activity".

The Minister is vigorously shaking his head.

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): Absolutely.

Ann Clwyd: The working group also questioned whether the Department for Business, Innovation and Skills and the Ministry of Defence were allocating sufficient resources to ensure a meaningful treaty. Given that the UK Government—both this one and the previous one—have pressed so hard for a global comprehensive arms trade treaty, would not it be a monumental defeat for British diplomacy if we failed to engage all our resources at the last hurdle and ended up with a weak, ineffective treaty?

The examples that I have given do not suggest that the Government are neglecting human rights; it would not be fair to say that. Excellent work is being done both here in London and in embassies around the world. The Government need to consider whether all their actions genuinely reflect the statements that they make on the importance of human rights and whether we sometimes undermine the excellent work done on the ground by FCO staff.

Can we welcome Bahraini princes to Downing street and be taken seriously when we say that we are deeply concerned about human rights there? Are we undermining our position on the global arms trade by not setting the highest standards for Government-endorsed arms trade fairs?

Human rights are not just for the FCO; they must be reflected in the work of the Department for International Development, the Ministry of Defence and the Department for Business, Innovation and Skills and, not least, in Downing street. I urge the FCO to work with those other arms of government to establish how they can ensure that human rights are not placed in a box at the FCO. I suggest that the FCO deliver a report next year that takes into account all the Government's external relations activities, including those beyond the FCO, so that we can judge the efforts of the whole Government, not just one of their arms, in furthering the cause of international human rights.

4.24 pm

Sir John Stanley (Tonbridge and Malling) (Con): I am delighted to follow the right hon. Member for Cynon Valley (Ann Clwyd), who makes such a conspicuous contribution to human rights in this House. Like others, I am very glad that we have finally got this debate. The House may not appreciate that notwithstanding the

[Sir John Stanley]

admirable decision by the late Robin Cook to produce, for the first time, a Foreign Office statement in full written form on human rights, this is the first debate that we have had on the Foreign Office annual report since 18 December 2008, over three years ago. That delay was, in part, due to the intervention and the timing of the last general election. I earnestly hope that we will re-establish an annual debate on the Foreign Office's human rights report and that that debate will be a full three hours in length, as it has previously been. The Chamber will be glad to hear that I will be severely truncating my planned two-hour speech to ensure that all hon. Members can make a suitable contribution.

At the outset, let me say to the Minister that I welcome the fact that the Foreign Office has, deservedly, devoted substantial resources to producing this 355-page written document. That is an admirable use of resources. It is invaluable to have it and I strongly support the point that has been made by the Chairman and other right hon. and hon. Members that this must continue in a sensible portable form—in written and published form.

I want to start by referring to a recent document that has come out following the Foreign Office's annual report and our own report on that. It is "Human Rights Guidance," which the Government have recently published in relation to overseas security and justice assistance. I wish to highlight two points in relation to that. First, in his foreword to "Human Rights Guidance"—I very much welcome this—the Foreign Secretary says:

> "It is of fundamental importance that HMG work on security and justice overseas is based on British values, including human rights and democracy, and this guidance is designed to support that."

Given the fact that the Foreign Secretary says that, I find it surprising and disappointing that when we get to paragraph 13, where the Government list the human rights that must be upheld when security and justice assistance is provided, the list fails to include any specific mention of women's rights. It includes, entirely rightly, violations of the rights of the child, but there is absolutely no reference whatsoever to violence against women or women's rights. I hope that the Government, like me, will regard that as a very serious omission. It is an even more striking omission when the letter that the Foreign Secretary sent to the Committee's Chairman, my hon. Friend the Member for Croydon South (Richard Ottaway), yesterday, rightly includes women's rights among the five global human rights priorities that the Government have set. Why is there no reference to women's rights in this very important human rights document? I hope that the Minister will reflect on that.

There is a further, equally surprising omission, which I wish to highlight in my capacity as Chairman of the Committees on Arms Export Controls. This security assistance refers to assisting in particular what are described as "security institutions overseas". Those institutions are defined in the guidance. It states:

> "The institutions typically (but not exclusively) of relevance in this context are: armed forces, police, gendarmeries, paramilitary forces, presidential guards, intelligence and security services (military and civilian)".

In other words, they are organisations that feature armed personnel in overseas countries. My question for the Minister is why, in that document, which includes checklists for officials here and overseas in our embassies to follow, there is no reference anywhere to the requirement under the EU and UK "Consolidated Criteria" in relation to arms exports to follow those criteria, which, critically, include no sales of weapons, ammunition and so on that could be used for internal repression. Why is the document 100% silent on that crucial requirement? That is a further question that I put to the Minister.

There is another important sentence in the Foreign Secretary's foreword. He says:

> "It is in police stations, detention centres and court houses that the state exerts its greatest powers over individuals and so where fairness, human dignity, liberty and justice are most critical."

I regard that sentence as 100% right and I am very glad that the Foreign Secretary has highlighted the critical point that autocratic dictatorships down the ages have always said to themselves, "If we can get those who oppose us locked up behind bars, we can do with them what we like." That is where human rights are most vulnerable. I am glad that the Foreign Secretary highlighted that. I shall return to that sentence in relation to a particular country later.

I shall now deal with a number of individual countries, starting with Israel and the Occupied Palestinian Territories. I am glad that those are again rightly listed by the Foreign and Commonwealth Office among the countries of concern. As the House knows, one of the most important human rights organisations, if not the most important—it is important to stress this; it is a Jewish human rights organisation—is called in English the Israeli Information Centre for Human Rights in the Occupied Territories. In Israel, it is called B'Tselem. As I am sure right hon. and hon. Members know, B'Tselem is loathed in many sections of the Israeli community and particularly in parts of the Israeli Government. That reflects most eloquently the extremely important and invaluable job that B'Tselem does in highlighting human rights abuses in the Occupied Palestinian Territories.

Last year, I tabled a written question that the Minister himself answered. I asked what had been the Foreign Office's financial support for B'Tselem during the past five years. I was delighted to receive the Minister's written answer on 12 October. It told me that after a gap of several years, the Government had made a grant of £135,000 to B'Tselem in support of its efforts to improve the human rights situation for Palestinians in the west bank, the Gaza strip and East Jerusalem.

I urge the Government to continue to give support to B'Tselem for the extraordinarily important work that it does in trying to highlight and expose the human rights abuses that are taking place in the face of the continuing relentless and, indeed, I have to say ruthless policy that the Israeli Government have followed for many years of bringing about illegally the de facto annexation of East Jerusalem and the water-bearing parts of the west bank.

I now turn to Bahrain, as other speakers have done. Like others, I have noted that at the time the 2010 human rights report was prepared Bahrain was not listed among the countries of concern, and—again, like others—I found that a somewhat surprising omission, given that for years now the Sunni, autocratic Government of Bahrain have engaged in consistent and serious discrimination against the Shi'a majority in the country. I certainly hope that Bahrain will be included among the countries of concern when the Government produce their next human rights report.

Of course, I appreciate that Bahrain is strategically of great importance. I know, as we all do, that it is the home of the US fifth fleet and that we face a sensitive and delicate situation in the strait of Hormuz. I also know that Bahrain provides a port for other NATO naval vessels, including our own. However, that is not sufficient grounds for going soft towards the leadership in Bahrain over the gross abuses of human rights that occurred in the country in the wake of the Arab spring against unarmed civilian demonstrators and, as we know, even against doctors and nurses who were performing their professional medical duties, as they were bound to do.

I note the Foreign Secretary's statement in his letter to the Select Committee Chairman on 12 January, in which he sets out the Government's human rights agenda as far as Bahrain is concerned, and I urge the Foreign Secretary to adhere tenaciously to the points that he set out in that letter.

If there is one country in the Arab spring firmament in which the leadership most deserves to be brought before the International Criminal Court in the Hague, it is Syria. I know that that will not happen to President Assad and those around him, for the simple reason that it would be blocked by the Russians who, of course, have a very important naval facility in Syria. Notwithstanding that, there is a real opportunity for the British Government to take the initiative. It looks as if the Arab League effort to try to stop the violence in Syria may now be in some considerable disarray and I hope that the Foreign Office is asking itself intensively what steps Britain and other countries can take to try to exert further pressure and to develop further policies that will stop the violence in Syria, and to help the move from autocracy to democracy in Syria that is urgently needed.

Like other right hon. and hon. Members who listened to the "Today" programme this morning, I was considerably moved by the broadcast from Syria, particularly hearing the crowd in a suburb of Damascus shouting, "Freedom, freedom, freedom", in the background. I earnestly hope that the British Government will not be deaf to the cries for freedom emanating from the thousands of very brave people who are seeking freedom in Syria.

Lastly, I come to China, which brings me back to what I said about the Foreign Secretary's statement in his foreword to "Human Rights Guidance" about human rights being in most danger when the state exerts power against individuals

> "in police stations, detention centres and court houses",

and other parts of the criminal justice system. No country in the world uses its state power more ruthlessly and more consistently than China against those who wish, entirely peacefully, to take a different view from that one-party, authoritarian state about how their country should be governed, a power that is used ruthlessly to imprison anyone who takes a different view, using the terrible, catch-all criminal offence of subversion against the state. As the House knows, in China in just the last few weeks, there has been a spate of arrests with sentences of some 10 years meted out to people such as Li Tie, Chen Wei and Chen Xi, to name but a few.

The Foreign Affairs Committee recently asked the Foreign Secretary how the Government's human rights work fits with the promotion of trade, an issue which the right hon. Member for Cynon Valley has also raised. Yesterday, the Foreign Secretary replied to the Committee's Chairman in his letter of 25 January and stated:

> "We do see our trade promotion and human rights work as mutually reinforcing".

That line is convenient for the Government, and nationally self-serving, but in my view it is an illusion. The determined prosecution of human rights, and the determined prosecution of trade are not, in my view, mutually reinforcing; they are inescapably mutually conflicting.

The uncomfortable reality for Ministers—I accept that it is uncomfortable for them—is that they have a hard choice to make in relation to China and other countries around the world. Do they stand up straight and firm on human rights, or do they basically say that they will go through the motions on human rights and give first priority to our country's commercial interests? In my view, on the evidence to date, this Government have made the same choice as the previous Government, and have said that they will give top priority to trade. We will pursue that issue in the arms export area with Ministers and in the report that is currently under consideration.

In conclusion, I find the Government's position on human rights somewhat mixed. Much of the wording, but not all of it, is right, but in translating the words into hard action, in some countries at least, the action falls significantly short of the words. I am sure that the Foreign Affairs Committee will continue to have its scrutiny of the Government's human rights policy very high indeed on the Committee's agenda.

4.43 pm

Mike Gapes (Ilford South) (Lab/Co-op): It is a pleasure, Mr Rosindell, to speak under your chairmanship. I congratulate the right hon. Member for Tonbridge and Malling (Sir John Stanley) on touching on so many areas in the Select Committee's report and the Government's response. That makes it easier for me not to have to go into some of them. I agree about the importance of having an extensive debate. During the previous Parliament, we had from 2.30 to 5.30 pm in this Chamber to discuss Select Committee reports, such as that on human rights. I hope that in future we can have longer for such discussion. Having said that, I congratulate the Committee's Chairman on obtaining a slot from the Liaison Committee, because it is not always easy to do so when there are competing demands.

I want to touch on a few countries, and then to make a substantive point. A few weeks ago, we had a debate in this Chamber on Iran. The hon. Member for Croydon South (Richard Ottaway) mentioned the jamming of the BBC's Persian service. The Minister was also present at that debate, and I had an exchange with him about the Iranian Government's propaganda channel, Press TV. Although it is not the British Government's decision, I want to put on record my satisfaction that Ofcom has made the right decision on that.

The wider question of human rights in Iran needs to be highlighted. As we move into this sanctions period and the tensions that will undoubtedly arise in the coming weeks, it is important that we do not forget those millions of people who demonstrated for democracy and freedom against the repression and the rigged election in 2009.

[Mike Gapes]

We also need to highlight some other countries. Our Committee did not highlight Nigeria, and the Government do not regard it as a country that warrants concern. None the less, the situation there has deteriorated remarkably quickly in recent weeks. Human rights is not just about what Governments do but about what non-state actors—insurgent groups, criminal organisations and terrorist organisations—do to abuse the rights of women, religious and cultural minorities and to carry out appalling human rights abuses against people because they have a different faith, clan, name, orientation or political belief. That is what is happening in Nigeria today and it is very worrying. I hope that we can get some update from the Government about that. Nigeria is an extremely important country in Africa and in the world as a whole. It is one of the largest and most significant African countries.

Similarly, we have ongoing issues in Pakistan, which were highlighted in our report. We have talked about the appalling murder of the Christian political figure, Salman Taseer, and the repression and the human rights abuses. Terrible crimes are being carried out by groups over which the Pakistan Government have no control. Given that more than 1 million people of British-Pakistani heritage have a close association with Pakistan, we need to keep our eye very closely focused on the country. Whatever we are doing with regard to withdrawing our forces from Afghanistan, we cannot withdraw our interest in the region as it is inextricably linked with our internal political dynamic relating to our British-Pakistani association.

Concerns have been expressed about the position of human rights in Colombia. I understand that the situation there is improving, but there are still reports of deaths and disappearances of political human rights activists and trade unionists. I know that the President of Colombia was here recently and that there have been some improvements and political change, but we need, none the less, to remind the Colombian Government that they still have some way to go before they fully meet the aspirations that they should have for human rights and trade union rights.

The European Court of Human Rights has just made an important judgment in which it upheld the idea of the memorandum of understanding and the removal, with assurances, of individuals from this country to Jordan. At the same time, it rejected the decision to remove the terrorist Abu Qatada from this country. I believe that that was regrettable and that the decision should be contested. None the less, it is important to understand that that judgment means that in general we can carry this process forward. We mentioned that issue in our report and it was referred to in the Government response. Will the Minister update us on where we are on that issue generally without necessarily commenting on the specific case?

Finally, I want to raise the more substantive problem of Sri Lanka. We as a Committee made some firm recommendations in which we commended Channel 4 for its documentary "Sri Lanka's Killing Fields", which showed the horrific scenes of the crimes carried out in the early part of 2009, at the end of the awful Sri Lankan civil war, between the Tamil Tigers and the forces of the Sri Lankan Government, both of whom carried out appalling human rights abuses.

We reaffirmed our view that an independent international war crimes inquiry should be held to investigate the allegations of atrocities carried out by both sides. The Government said in their response that they would await the Lessons Learnt and Reconciliation Commission set up by the Sri Lankan Government. As many of us predicted, that commission did not carry out the kind of investigation or produce the kind of report necessary to deal with the issues adequately.

The report was published towards the end of last year. The Government have now commented on it, as have numerous other countries. The British Government said that, on the whole, they are disappointed by the report's findings and recommendations, and that there are gaps and unanswered questions. The US Administration expressed concerns that the report does not fully address the allegations of serious human rights violations. The Canadians have also been critical, and India has called for an independent and credible mechanism to investigate the issues.

It is time to return to the Human Rights Council to push the issue up the agenda again. I know that last time there was a blockage, the HRC, disgracefully, commended the Sri Lankan Government on their behaviour and refused to hold an international inquiry. I know that it would be difficult to take the Security Council route, because China and probably Russia would block it and the non-permanent members, including India, probably would not be supportive either, as they were last time.

Interestingly, last time, among the opposing countries in the HRC was Mubarak's Egypt. Things have moved on since then. Maybe, given developments in the Arab world, it might be time for us to go back and see whether there is now more international support to raise the issues again in order to get a UN inquiry. Ban Ki-moon clearly tried to push for one. He went as far on the issue as he could as Secretary-General, because he could not get the institutions to go with him. He set up a United Nations panel of experts, who said that the Lessons Learnt and Reconciliation Commission

> "fails to satisfy key international standards of independence and impartiality, as it is compromised by its composition and deep-seated conflicts of interest of some of its members."

That is clear. The Sri Lankan Government must understand that setting up an internal process that does not have the confidence of the international community or the Tamil population will not lead to the necessary reconciliation within the country. People are still in detention or are not being allowed to go back to their homes. There are issues involving settlement and what is regarded as an attempt to change the demographics in the north of the island, and there are serious concerns about individual human rights abuses in Sri Lanka. The Government are all-powerful, the constitution gives the President great control and the Opposition—not just the Tamil Opposition but others—are intimidated or inhibited in many ways from doing what is needed internally. They need international support and solidarity. That is why it is important that the British Government speak out loudly, clearly and unambiguously, using whatever channels they can—the UN, the HRC and the Commonwealth—to raise those issues continuously.

4.53 pm

Martin Horwood (Cheltenham) (LD): I praise the hon. Member for Croydon South (Richard Ottaway) for initiating this debate. It is a pleasure to follow the hon. Member for Ilford South (Mike Gapes) and other hon. Members who have contributed to the debate, especially the right hon. Member for Tonbridge and Malling (Sir John Stanley), who gave an eloquent declaration in defence of human rights and some well-made points about the rights of women and the valuable work of organisations such as B'Tselem, which I am happy to endorse.

While I am heaping praise on people, I would not mind praising Conservative Ministers—from the other side of the coalition, I guess—not only for producing human rights reports, which is the easy part of the process, but for the frequent declarations that I have heard in the House by the Under-Secretary of State for Foreign and Commonwealth Affairs, the hon. Member for North East Bedfordshire (Alistair Burt), who is here today, and by the Foreign Secretary, making clear Britain's absolute commitment to human rights in a wide range of contexts.

As a Liberal Democrat in the coalition, human rights are central to my political beliefs. I date human rights policy back to a Liberal campaign—the Midlothian campaign—by possibly the greatest Liberal, William Gladstone, who in 1880 explicitly balanced the national strategic interest with the rights of people who were not even British citizens at the time. In many ways, that was the origin of international human rights policy. I am proud and humbled to stand in that tradition. For that reason, I welcome many of the recommendations, some of them quite tough, in the Select Committee report.

I particularly like recommendation 3, which states that

"failing to take a stronger and more consistent stance against human rights violations by overseas regimes can carry risks for the UK. In particular, any suggestion that the FCO downplays criticism of human rights abuses in countries with which the UK has close political and commercial links is damaging to the UK's reputation, and undermines the department's overall work in promoting human rights overseas."

The report relates that to north Africa and the middle east, but it applies worldwide, although it was the Arab spring, as the right hon. Member for Cynon Valley (Ann Clwyd) said, which highlighted in some areas of policy, such as arms control, the weakness of some of our human rights checks on Government policy—not just this Government, but certainly the previous one, from whom we inherited the system. For instance, it appeared that, instead of a human rights check being carried out to consider the potential for arms to be used for internal repression, checks were made in respect of whether they were being used for repression at that moment, which effectively excused every regime in north Africa and the middle east, many of which had the most appalling human rights records. The report's recommendations relating to that are well made.

I welcome the Government's commitment to include Bahrain in the next human rights report and their response to the situation in respect of the Arab spring, which included cancelling more than 160 arms export licences, some clear declarations in the House of Commons and the declaration, in response to the Committee's report, that more work by Government was needed in this area.

First, in connection with the international arms trade treaty, we may possibly have some international collaboration that may contribute to some solution to that issue. What is the current state of negotiations on the international arms trade treaty? Does the Minister think that that could enable us to address human rights matters in the context of international arms sales? Secondly, if the Government have concluded that further work between BIS and the FCO is needed on this matter, is not it about time for them to agree on how that should be done and get on with doing it in some form? Thirdly, and finally, the Committee's specific recommendation that we review arms sales to Saudi Arabia is well made. That is potentially a lucrative market that is valuable in respect of growth, and so on, but it is morally unacceptable to sell arms to repressive dictatorships, which may use them on their own people and may already have used military matériel in helping to suppress dissent in a neighbour's territory.

I shall resist the temptation to do a world tour of human rights and will focus on Russia and China, two big, influential powers with domestic human rights issues, which are also major international players and permanent members of the Security Council and are therefore important in that respect.

In the case of Russia, I want to focus, first, on the appalling case of Sergei Magnitsky, who died in 2009. There is a campaign to bring his persecutors to justice but there is a sense among some of those who are campaigning on his behalf that Britain is perhaps a little behind other states in taking firm action on this case, despite the fact that Sergei Magnitsky was a lawyer working for a British company and Bill Browder, who is spearheading the campaign to bring Magnitsky's persecutors to justice, is a British citizen.

In the US, the Netherlands and Switzerland, we have seen sanctions or progress towards sanctions, in the form of targeted visa bans or the freezing of assets, against the individuals implicated in the Magnitsky case. Moreover, because the Netherlands and Switzerland are part of the Schengen agreement, their action could close off most of Europe to those individuals. Nevertheless, I want to hear from the Minister if the Government are considering whether Britain should take similar action.

Then there are the cases of Mikhail Khodorkovsky and Platon Lebedev, who are now widely acknowledged by many people as political prisoners. Khodorkovsky has never seen his granddaughter. When representatives of the media or other third parties visit him in prison, those visits are taken away from the number of visits that he is allowed to receive from his own family, so he is suffering considerably.

There also ought to be honourable mention of Vasily Aleksanyan, who was a legal counsellor to Khodorkovsky's company, Yukos. He died in prison last year, having turned down the offer of what was in effect a plea bargain, whereby he would perhaps have incriminated Khodorkovsky and Lebedev. He turned that offer down and it probably cost him his life.

I want Ministers not only to continue raising the cases of Magnitsky, Khodorkovsky, Lebedev and others, and consider imposing visa bans, but to reflect on some of the language that we are using about the European Court of Human Rights. Although I completely agree with the Government that the ECHR needs reform—the backlog of thousands of cases is clearly unsustainable

[Martin Horwood]

and there are real problems with the Court being used much too freely—the campaigners for these Russian human rights defenders have expressed concern that the type of language and rhetoric that we are using about the ECHR is remarkably similar to that being used in Russia. We must guard against giving domestic Governments too much power to decide which cases go forward to the ECHR, because we may actually see cases such as those of Khodorkovsky and Lebedev being caught in that trap. Those cases are in that queue of thousands of cases that are waiting to be heard at the ECHR.

I will very briefly discuss human rights in China, as I can see, Mr Rosindell, that you are getting a little impatient. I want to draw attention to the situation in Tibet, and the three deaths and the continuing disturbances there. They have resulted from what seems to be an increasing denial of human rights, particularly religious rights, in that part of China. It is very unhelpful for the Chinese Government routinely to condemn secessionist groups, because the current elected administration-in-exile of Tibet is not actually calling for secession any more but looking for peaceful dialogue, and that opportunity should not be lost.

In the case of both China and Russia, however, there are some hopeful signs. Both countries are now more open societies than they were in the past. In the case of China, it is maintaining the "one country, two systems" approach to Hong Kong and actually tolerating a very free society there, but it has a myopia about human rights worldwide and is implicated in supporting some fairly unpleasant regimes around the world. Also, although China and Russia went along with action on Libya, their failure to support a firm UN resolution on Syria does neither country any justice.

There are many brave human rights defenders around the world who look to the British Government for leadership. I hope that we will continue to provide leadership and that we will perhaps even go further, as the Select Committee has recommended.

5.4 pm

Jeremy Corbyn (Islington North) (Lab): I have four minutes in which to deal with the world's human rights, so I will do my best. There is a message in that comment—this situation is ludicrous. Allowing one and a half hours to discuss the human rights of the whole planet, in what is apparently the first debate on this subject since 2008, is ludicrous. I appeal to the powers that be to ensure that something changes in that regard.

Very quickly, there are several points that I want to make. The first is about participation in the UN Human Rights Council. Britain is a full participant in that council, which I frequently attend on behalf of a non-governmental organisation called Liberation. The council has greatly reformed its ways, and the in-country peer group review that takes place every three years is a valuable tool, which we should use to the full. The British Government appear to have broken with the tradition of allowing the European Union to represent us at the council, and they make regular contributions, particularly on the death penalty. I hope that that extremely important new tradition continues. If we allowed ourselves to be represented solely through the European Union, an awful lot of cases would simply never be raised, such as the treatment of Roma people in Hungary and other places, so it is important to maintain an independent representation.

My first point is about human rights in Europe. I was present, along with my right hon. Friend the Member for Cynon Valley (Ann Clwyd), who presided over it, at the launch of Human Rights Watch's "World Report 2012". In the report is a fascinating essay by Benjamin Ward of that organisation, part of which states:

> "At first glance, the idea of a human rights crisis in Europe might seem farfetched. But scratch beneath the surface and the trends are truly worrying. Four developments stand out: the rollback of civil liberties in state responses to terrorist attacks; the debate around the place of minorities and migrants in Europe, a debate too often laced with xenophobia; the rise of populist extremist parties and their baleful influence on public policy; and the diminishing effectiveness of traditional human rights institutions and tools. Unless governments wake up to the scale of the threat, the next generation of Europeans may see human rights as an optional extra instead of a core value."

Those are very tough words, and very well put.

The narrative that has been developed by the popular press of constant attack on the European Court of Human Rights and its processes and potential judgments, is very unfortunate and misplaced, and it is damaging and dangerous to our own human rights. I regret the way in which the Prime Minister decided to go to the Court, and how it has been presented as an inefficient, incompetent organisation. Yes, there is a very large number of outstanding cases. Most of them are inadmissible. The issue, however, is one of resources for the court rather than of criticism of it. The Chagos islanders have a case before the Court's grand jury, and I look forward to the result. I hope that the Government accept and abide by whatever decision the court takes, and I am sure that the Minister will confirm that they will.

We attack the institutions of human rights at our peril, and I hope that the Minister will say that the British Government intend to continue their participation in the European Court of Human Rights, and to continue with their acceptance of the European convention on human rights and its place in British law. The convention is an instrument of defence. Roma people in Hungary, and Travellers in other countries, have nowhere else to go, and victims of racist attacks across Europe are in part protected by the judgments made. We do well to state our strong view that we believe in human rights, and in the UN and European conventions. We should be proud of that, not afraid of it, frightened by it or intimidated by it.

5.8 pm

Kerry McCarthy (Bristol East) (Lab): It is a pleasure to serve under your chairmanship, Mr Rosindell. I congratulate the Members present on their contributions. I, too, will not attempt a world tour of human rights, but I pay tribute to the Members who have talked in detail about the situation in countries such as Bahrain, Saudi Arabia, Nigeria, Pakistan, Colombia and Sri Lanka. It is not possible for me to canter through those countries, but there were some very well made points.

I entirely endorse the comments made by my hon. Friend the Member for Islington North (Jeremy Corbyn) among others, about one and a half hours not being

sufficient time for a debate of this nature. There is inevitably a time lag with such reports, and a lot of water has passed under the bridge since this report was compiled, with developments in countries such as Bahrain and Syria. I hope that next year's report is given the full justice of a debate in the Chamber, and a full-length one too.

Of course, Labour Members share the Committee's belief that all Departments need to provide a clear, consistent and robust message on the fundamental importance of human rights. I note that the Committee's report expressed concern about the delay in the Government's strategy on the use of soft power, which has been mentioned. I hope that the Minister will take that back to the other Departments and urge them to do all that they can, and particularly to use the opportunities presented by forthcoming events such as the Olympics, to promote the Government's human rights message.

More troubling was the conclusion by the Committee that the Government had failed to take

"a stronger and more consistent stance".

Obviously, the Government have to be nuanced in the manner in which they respond to individual cases and to take into account the likely impact of private or public condemnation. Although I note that the Department's official response was that the Government

"will not downplay criticism of human rights abuses",

perhaps the Minister could respond in more detail on the Committee's concerns and some of the concerns expressed by hon. Members today, particularly in relation to Saudi Arabia, Syria and Bahrain, and respond to the concern of Human Rights Watch that the UK may create an impression of double standards.

Throughout the report, a common theme is the greater emphasis under the current Government on the Foreign Office's role in promoting the UK's commercial interests. Of course, it is very important that we develop strong trade links with other countries, particularly at a time when the domestic economy is faring so badly, but there is always a balance to be struck, not least if the Foreign Secretary is to achieve his stated aim of a foreign policy that always has

"consistent support for human rights and poverty reduction at its irreducible core".

The Prime Minister, meanwhile, has asserted that the UK must place

"our commercial interests at the heart of our foreign policy."

When the Minister of State, Foreign and Commonwealth Office, the hon. Member for Taunton Deane (Mr Browne), gave evidence to the Committee, he said that the Government saw no inherent contradiction in those two statements, although he acknowledged that they could give rise to "short-term tensions", so perhaps this Minister could elaborate on how the Department manages those short-term tensions. To what degree do we tolerate human rights abuses by a company that we are trying to secure a greater trading relationship with and to what extent do we use the trading relationship as a means of putting pressure on the other country to deal with those human rights abuses? I think that people will share my concern that in some instances the commercial relationship is deemed far more important than dealing with the human rights abuses.

The Foreign Affairs Committee emphasised the need for human rights to feature more prominently across the Government, so will the Minister tell us what progress the Foreign Office is making with the Department for Business, Innovation and Skills, UKTI and UK Export Finance in particular? Let me single out one country in relation to which there is particular tension. The Committee highlighted that as a particular concern. I am referring to China. It is notable that the Chancellor of the Exchequer chose Asia for his first international visit of 2012. Obviously, Asia is a continent of great economic importance for us, but there is a careful balance to be struck. Will the Minister tell us whether officials were present during the Chancellor's visit to raise the UK Government's concerns about the deteriorating human rights situation in that country and to make clear that, regardless of the purpose of the visit—whether it is primarily about economic matters or about other matters—human rights issues must always be on the agenda while such abuses exist?

The Committee noted its concern about the Prime Minister's decision to visit the middle east to promote UK arms suppliers during the early stages of the Arab spring. It now seems that the UK continued to export between July and September last year to Bahrain, Egypt and Saudi Arabia. I would appreciate the Minister's response to the conclusion of the Campaign Against Arms Trade that

"While the Government promotes arms exports to repressive regimes, it is pure hypocrisy for it to talk about supporting human rights and democracy."

The right hon. Member for Tonbridge and Malling (Sir John Stanley) mentioned that there does not seem to be a reference in the report to what is regarded as the cornerstone of our arms export policy—that we do not export to countries that may use those arms for internal repression or external aggression. I would be pleased to get the reassurance from the Minister that that remains the Government's objective when it comes to arms sales.

I share the concern of my right hon. Friend the Member for Cynon Valley (Ann Clwyd) about the attempts to promote cluster munitions sales at the arms fair in the UK, which I know she raised at the Human Rights Watch report launch the other day. I would appreciate a reply from the Minister on that.

I will just skim over some of the other points. The delay in the implementation of the Bribery Act 2010 is another matter of concern to us, as is the postponement—cancellation—of the Gibson inquiry. I appreciate entirely why the Government have had to do that while a criminal investigation is ongoing, but can the Minister assure us that a future inquiry will be established on the basis that has the respect of NGOs, former detainees and the international community?

I shall just mention one of the countries specifically dealt with in the report, because the issues surrounding it are very much current. My hon. Friend the Member for Ilford South (Mike Gapes) talked about Sri Lanka. We have recently had the report published by the Lessons Learnt and Reconciliation Commission. I hope that, at some point over the next few weeks, we will find time for a full debate on that in the House, because there are many question marks over the report, in relation to the terms of reference of the commission and its recommendations. I know that I am asking the Minister

[Kerry McCarthy]

a lot of questions, but it would be helpful if he could he say whether there will be an opportunity for further debate on that, because there was only a written statement from the Government.

Finally, I would like to raise the decision to exclude countries not eligible for overseas development assistance from the human rights and democracy programmes. That runs the risk of excluding countries that could benefit from human rights projects. The Westminster Foundation for Democracy is concerned that such an approach will limit the choice of which countries it works with. Will the Minister update us on that and clarify the support available to countries that are not eligible for overseas development assistance? What assessment is being made in the Department of the impact of that decision?

5.17 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Alistair Burt): Through their contributions, all colleagues have made as clear a practical demand for more time to debate the subject as ever I could. The hon. Member for Bristol East (Kerry McCarthy) has done so in the past couple of minutes—I think there were 20 questions in 90 seconds. I am not the powers that be in relation to scheduling, as colleagues know, but I entirely take the point. Again, as most colleagues know me reasonably well, they will know that, if I could, I would spend an hour answering all the questions. I will certainly take the matters raised back to the Department. I am stepping in for the Minister of State, Foreign and Commonwealth Office, my hon. Friend the Member for Taunton Deane (Mr Browne), today as he has another engagement, but I am sure that both of us feel the same.

Thank you for your chairmanship, Mr Rosindell. You have presided over yet another excellent debate, in which colleagues from all parties have demonstrated a common commitment. As was said by my hon. Friend the Member for Croydon South (Richard Ottaway)—I thank him for securing the debate and for how he has led it—the Government share the concerns raised. I appreciate the generous remarks made about the Government's commitment to the matter, which were, perfectly properly, interspersed with demands for us to do more. That is the right of the House and of individual colleagues. There is an underlying sense of our commitment to the matter—Government in, Government out. That is very important and is a benevolent ratchet that the House applies to try to get us to do even more.

As is clearly the case, I cannot possibly answer all the questions. I will do my best to answer some, but I will also note all the colleagues who are present and ensure that a letter goes to them covering the particular issues I do not mention. Everyone here will then have a record. As I know of your personal interest in these matters, Mr Rosindell, I will perhaps copy you in on that letter, so that you are also aware of it.

I thank the Foreign Affairs Committee for its positive and constructive engagement with the FCO in our work to promote human rights. I add to that a thanks to all those who are engaged in this work overseas, often in dangerous places—not just the NGOs, but the journalists. They do an extraordinary job at great risk to themselves in bringing us much of the information on which we have to rely and take a view.

The Government take a positive, activist approach to human rights around the world. As Ministers have consistently said since taking office, Britain will continue to stand for democratic freedom, universal human rights and the rule of law. Our values are essential to and indivisible from our foreign policy, and we will raise human rights concerns wherever and whenever they occur. All FCO Ministers take an active interest in human rights, and I am proud to be involved in this work. Indeed, reference has been made to the Foreign Secretary's human rights advisory group, which has met three times since its formation in December 2010. It has challenged us to raise our game on business and human rights, an issue raised by a number of colleagues, and on promoting freedom of religion and belief.

We are not over-idealistic. We are interested in achieving results. We take a realistic and practical approach, working with the grain in countries throughout the world. We consistently raise human rights issues, including with major powers such as China, but we seek to do so in a way that we judge will have the most impact. The 2010 Command Paper that we are discussing today highlights 26 countries of concern in many regions of the world. They are those that have the most serious and wide-ranging human rights concerns. We also take account of the level of UK engagement, and consider where we can have an influence, and where there is potential for a broader, positive impact on a country or region.

The FCO has continued to fund projects around the world that make a real difference, including through a dedicated human rights and democracy fund. FCO-funded projects have helped to overturn death sentences in Africa, and in Uganda and Kenya alone that has resulted in hundreds of death sentences being overturned. Work that began in Mexico to increase the protection offered to journalists by the state was taken up throughout central America. We have made a tangible difference to the lives of some 60 million to 70 million disabled people in India by improving their access to polling stations, Government websites, and state television news.

On Colombia, which the hon. Member for Ilford South (Mike Gapes) mentioned, human rights were a theme of the visits to the United Kingdom of President Santos in November 2011, and Vice-President Garzón whom I met on Monday. One example of what has been achieved in Colombia—I pay tribute to the hon. Gentleman—is that the Prosecutor General has created new specialist units to deal with crimes of forced displacement and forced disappearance following on from the recommendations of a project funded by the embassy.

China has been mentioned. We supported Chinese officials conducting pilot independent monitoring of pre-trial detention facilities, carrying out prison reform, improving the treatment of those with mental health conditions in the criminal justice system, and supporting the exclusion of illegally obtained evidence in criminal trials. I cannot answer the specific question asked by the hon. Member for Bristol East, but I will write to her about the presence of officials with the Chancellor. She can certainly be assured that such matters are not neglected or forgotten when dealing with China.

In the immediate aftermath of the Arab spring, which my hon. Friend the Member for Croydon South mentioned when he opened the debate, Tunisia ratified the optional protocol to the convention against torture. We are funding early work through the Association for the Prevention of Torture to help Tunisia to implement the optional protocol, including by establishing an effective national preventive mechanism.

I am pleased to say that we have seen progress in human rights in some unexpected quarters. As was mentioned, the new Government in Burma have made some important political reforms in recent months, and released hundreds of political prisoners. Earlier this month, my right hon. Friend the Foreign Secretary visited Burma, and signalled to the President that we would support the Government in their efforts. The large release of political prisoners that followed his visit was a particularly welcome sign, but there is much to be done to repair the damage of the past, and the Select Committee can be assured that the Government are very alert to that.

Turning to some of the issues that colleagues have raised, I will do my best to deal with them. While we are on the Arab spring, my hon. Friend the Member for Croydon South mentioned detainees in Libya. I was there just before Christmas, and the truth is that there is a Government there who are committed to principles that we regard as crucial, as set out by the national transitional council during the course of the conflict. But they are dealing with a system that, frankly, hardly exists. There is no structure for handling judicial cases in the manner that we would expect in relation to the detainees. There is concentration on doing the job. They know that the treatment of detainees is a key distinction between the new Government and the Gaddafi regime, so they want to get it right. There is a problem with capacity, and we must be understanding of the position in which they find themselves, after not just eight or nine months of conflict, but 40 years of a structure that is not conducive to the quality of justice and care of detainees that we would expect. We are working with them on that, and will continue to do so. They know how important it is. The transitional Government have acknowledged clearly that human rights abuses are taking place in prison, and they have promised to tackle that. We will also work with them on that.

My hon. Friend spoke about the problems relating to funding and the relationship with official development assistance. It is not the case that just because a country is not eligible for ODA funding that human rights support stops. We have some 12 programme funds, providing £139.5 million to support a wide-range of projects around the world, many of which include a human rights element. Such support is not consequent solely on the ODA criteria. The conflict pool and other funds are available, and we will continue to make them available. Indeed, some of the Arab partnership money is also being diverted to such projects as well.

Let me say to the right hon. Member for Cynon Valley (Ann Clwyd), whom I know well from her interest in this subject over such a long period, that I will do my best to help her out a little in relation to the human rights advisers. I do not think that we are far apart on this matter. There is no deliberate obfuscation here. She suggested that the letter of my right hon. Friend, the Secretary of State, obscured the issue. Let me read the key paragraph.

"You"—

the Committee—

"asked for details of the number of FCO staff engaged in human rights work across the world. Human rights represent an integral part of our Foreign Policy. It is therefore the case that all our Missions have a responsibility' to monitor and consider human rights. In order to give you a clearer sense of how much the FCO does, I have asked the department to do further work on estimating the scale of resource devoted to human rights work across the network, taking into account our wider policy not to provide full details of staffing numbers overseas for security and operational reasons. In Human Rights and Democracy Department (HRDD), we continue to have 25 permanent staff, plus one contracted Human Rights Adviser."

In every post that I have visited over the past year, there are colleagues who are engaged in this work as part of what they do. The number of colleagues who will be engaged will vary according to what the circumstances are, but they are all engaged because it is a key principle of what we are involved in. The fact that there may not be a specific adviser in each post does not detract from the importance of the work, as, I trust, the compilation of the report and the commitment that we demonstrate might exemplify.

The reasons for being cautious about staffing numbers overseas for security and operational reasons has, I think, been explained to the Committee in private before, and there are good reasons for that. The matter of the defence attaché is different because it involves a different Department. Our caution is not designed to obscure a commitment to human rights. Our commitment is demonstrated by the work that we do and the fact that everybody is imbued with this sense of commitment, as opposed to numbers.

The right hon. Lady raised issues about arms exports and the like. This is a difficult area. If people are being clear cut, they would say that no one should sell arms; it is a very straightforward moral issue. As soon as we get into the position of saying, "Hold on, some countries have a legitimate right to defence and we are very good at supporting countries that might need to defend themselves," then we get into the area of judgment. My right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley) knows that well; his Committee scrutinises everything that we do in great detail. Our criteria are open. They include prohibition against weapons that would be used for internal repression or the continuation of a regional conflict. However, that does not mean that in each and every case where there might be human rights concerns about some aspect of domestic policy, it necessarily governs a decision on arms that might be needed to protect and defend a state from incursion by others. The number of licences that we revoked after the start of the conflicts during the Arab spring showed that we have a flexible system that takes account of changing conditions, which is what is wanted. I know that my right hon. Friend will be exploring this matter further with the Foreign Secretary during a Committee session shortly.

The arms trade treaty, which was mentioned, is very important to us. I was shaking my head vigorously because I do sign off the odd letter in relation to this. I get a bit cross when NGOs from outside suggest that we lack commitment to the ATT. The ATT is mine and it comes under my remit. I am very committed to it and we are working very hard to get it right. Please do not

[Alistair Burt]

feel that there is lack of commitment to this. It will be hard to get an agreement, but our commitment is very strong and very real.

I could say so much more. The fact that so many colleagues have such a strong commitment to this area matters a lot to the Government. I hope they feel that we share that commitment. We could debate each of the areas mentioned—Sri Lanka, Israel, the occupied territories, Iran and Pakistan—and I suspect that we will in due course. I will be happy to respond to colleagues' letters and to speak on these issues in time to come.

Question put and agreed to.

5.30 pm

Sitting adjourned.

Westminster Hall

Tuesday 31 January 2012

[MR DAVID CRAUSBY *in the Chair*]

Falkland Islands

Motion made, and Question proposed, That the sitting be now adjourned.—*(Michael Fabricant.)*

9.30 am

Guy Opperman (Hexham) (Con): It is a pleasure to serve under your chairmanship, Mr Crausby. I thank colleagues for attending the debate, given Select Committees and various other activities; I will take interventions.

In 1982, the Falkland Islands war saw the loss of 255 British troops; also lost were 650 Argentine troops and three female islanders. Today is a good day to begin with remembering each and every one whose lives were lost. We remember the families who lost their husbands, the children who lost their fathers and those who were left with severe disabilities because of their wounds. There is no such thing as a good war, and people died in 1982 because politics, Governments and individual people failed them. Our job in this House is to ensure that that does not happen again. I also welcome the efforts made on behalf of the islanders by the various Foreign Office departments to improve the lot of the islanders.

The purpose of the debate is fundamentally fourfold. First, we need to reiterate the House's united position that the Falkland Islands has our full support in every way. Secondly, I wish to see a self-determination law, confirming that all overseas territories with a settled population have an unambiguous right to remain British. Thirdly, I wish the Minister to update the House on the efforts of our diplomats who are fighting the trade blockade that has been ongoing for some time. Finally, I will attempt a brief analysis of the legitimacy of the Argentine arguments under the various United Nations conventions and the agreements between the countries.

Many would argue that the 1982 conflict happened because a weak Argentine junta decided to try and regain popularity at home. The junta lost the war and power. The underequipped and poorly trained Argentines were clearly men governed by lambs.

Bob Stewart (Beckenham) (Con): Actually, some of the Argentines were not that poorly trained. The Mirage pilots who flew in across San Carlos water and took out our ships were, in everyone's estimation, not only brave but well trained. The Argentines, therefore, were not entirely poorly trained—some of the marines were not bad either.

Guy Opperman: It is a brave man who tells the colonel whether troops were good or indifferent at a particular time, and I bow to my hon. Friend's greater knowledge.

Thomas Mann, however, was right when he said:

"War is a cowardly escape from the problems of peace."

Among the almost 3,000 inhabitants of the Falklands, there is an overwhelming desire to remain a British overseas territory. It is not up to Great Britain to decide on the fate of the Falkland Islanders; it is their own right to decide where their sovereignty lies, and that will not change.

David Morris (Morecambe and Lunesdale) (Con): After all that has gone on in our recent history, does my hon. Friend agree that it is regrettable that the US State Department wants to classify the Falkland Islands as the Malvinas Islands?

Guy Opperman: I have great respect for President Obama, and he is truly a groundbreaking politician and a leader of men; he is taking things forward tremendously in America. On this particular issue, however, I do not respect his decision, and am most concerned that it appears to have been made without full assessment of the UN rules on self-determination.

Penny Mordaunt (Portsmouth North) (Con): I thank my hon. Friend for securing the debate. Britain asserted her sovereignty over the Falklands in the 1830s, about 50 years after she had been forced out of her sovereign territory in certain parts of north America. Despite the US stance on the Falklands, one very much doubts whether the US Government regard their administration of the east coast of America as simply de facto.

Guy Opperman: One could ask whether the Americans will return Hawaii or other places such as Diego Garcia to the original occupants. Ongoing, I do not believe that President Obama's holiday home will stop being part of America.

James Wharton (Stockton South) (Con): My hon. Friend referred to Hawaii and its original occupants, but one of the differences that I am sure he will confirm is that, in the Falkland Islands, the original occupants were not Argentine. In fact, throughout the whole history of the islands, only about three people from mainland Argentina have lived there. Does that not prove the point, but from a different angle?

Guy Opperman: I entirely agree, of course. We could get into a detailed and lengthy historical analysis of the origins of Argentina and its various provinces, as well as of the inhabitants of the Falkland Islands. It is worth remarking, however, that the ninth generation of the people of the Falkland Islands was recently born on the islands. Although the population is immigrant, that is also true in Argentina, and I will come to that at a later stage.

Returning to my point about sovereignty, it is not up to the House of Commons or Great Britain to give the Falklands away; it is the inalienable right of the Falkland Islanders to decide where sovereignty lies. That will not change today, tomorrow or for however long they choose to remain part of Great Britain.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): Would my hon. Friend agree that, if there were greater and less aggressive integration between the Argentine and Falkland Islands populations, whether at the education or business level and over a period of 30 to 40 years, or perhaps longer, the hostilities would dissipate to some extent?

Guy Opperman: All of us would like to see the individual countries getting on to a greater degree, and one of my themes in the debate is to make it crystal clear that we regard Argentina, fundamentally, as a potential friend. It would be good if trade relations were better, fishing were better harmonised or hydrocarbons work was done together. At present, however, the Argentine stance is blocking that route. If the Argentine President is claiming a "hearts and minds" approach, I am sad to say that her argument is deeply flawed.

Jim Shannon (Strangford) (DUP): We have said that there is a need to increase and improve trade relations, but what about the 13,000 people who were murdered and disappeared in Argentina between 1976 and 1983, under the regime that fought the Falklands war? Is it not time for a human rights inquiry into that? Let us look at the bad things as well as the good things.

Guy Opperman: With no disrespect to the hon. Gentleman, I will not go down that route. One of the few good things to emerge from the Falklands war was the return of democracy to Argentina in 1983. It is entirely right that there have been various analyses of the history of Argentina but, with respect, it is not for me to lecture the Argentines on that history and on what they were involved with. Instead of looking to the past, I hope that we can look to a future of co-operation between these two countries, which already have plenty of trade and many common grounds. The Foreign Secretary, 10 days ago, wrote:

> "There are many areas on which we can cooperate—on joint management of fish stocks, on hydrocarbon exploration, and on strengthening air and sea links between the Falklands and South America, as we used to do in the 1990s and ought to be able to be able to so again."

Andrea Leadsom (South Northamptonshire) (Con): My hon. Friend is making an excellent speech and a good case, but does he agree that one of the problems with the uncertainty currently surrounding the Falkland Islands is that it is extraordinarily difficult for business people to get on and make sensible business decisions? I draw his attention to a British oil exploration company, which I know, that wants to invest but is unwilling to do so until the political uncertainty has been clarified.

Guy Opperman: I accept that there is a need for greater economic certainty, but we must understand that the islands have a strong economy and a profitable business community, and that they are effectively self-sustaining. I draw my hon. Friend's attention to the 1995 agreement between the Argentine and British Governments on oil exploration. In 1995, they signed a deal that identified a discrete area where there was to be joint hydrocarbon exploration. In 2007, the Argentines scrapped that deal to share oil found in that area. They effectively ripped it up, and there has been some uncertainty on development of the way forward on hydrocarbons and oil, but I believe that a robust approach from our Government will provide a better future for companies that want to invest there.

Sheryll Murray (South East Cornwall) (Con): Does my hon. Friend agree that we are in a superb position to work jointly with Argentina on fisheries around the Falkland Islands because it does not have the complicated interference of the common fisheries policy? We can work jointly with such nations, when we cannot do so around our own waters.

Guy Opperman: I never thought that in a debate about the Falkland Islands I would become such an expert on squid and European fish embargoes, or that I would be trying to respond to an acknowledged expert on all fish matters, but I agree with my hon. Friend and accept entirely that there is great scope for the two countries to work together. If they do not, the story of some European waters will, sadly, be repeated in the south Atlantic, because fish stocks will decline.

Argentina claims sovereignty of the islands on an ongoing basis. Others may discuss in detail the historical argument, which is weak, but what would happen if Argentina retook the islands? Does it propose to throw the native islanders out? Does it propose to expel them by force from their homes and the land that they have tended and harvested, or to move them to a distant corner of one island? Let us be in no doubt that annexation of any small, peaceful and prosperous neighbour has no place in the 21st century. Whether that is done by negotiation or conquest, it equals colonisation, and occupation by a foreign power.

Many islanders trace their history, as others have said, back to the 1840s. They are men and women who were born on the Falkland Islands and have lived there for generations, had children there and made their lives there. Like most countries in Latin America, including Argentina, the population has grown through a natural flow of migration. The Falkland Islands now constitutes a nation of immigrants who have developed their own distinctive culture and identity. For Argentina to deny its right to self-determination is to question its claim to that self-same right. It would be surprising if the Argentines handed their land back to the Indian tribes who lived in the country before they arrived, and I doubt that that will happen. I will not attempt to pronounce the names of the Indian tribes who lived in Argentina before the immigrants settled there.

On the legal argument, the Falkland Islanders' rights are recognised by international law. I never thought that I would cite favourably and support the Lisbon treaty, but I am pleased that it confirms that the European Union recognises the islands as a "full" associated territory, just like our other overseas territories, in part 4 of the treaty on the functioning of the European Union. Apparently, our decision to sign the Lisbon treaty upset the Argentines, and some would argue that they joined a large club. On this issue, I am a confirmed Europhile—I knew that the Lisbon treaty was good for something. The truth is that we should be proud that a group of islands thousands of miles from our shores, and fully 700 km from Argentina's, wants to remain part of our great nation, and shares our values and culture.

James Wharton: As my hon. Friend has touched on the European dimension and with the Minister in his place, is this an appropriate opportunity to reinforce the view of many hon. Members that our consistent approach to the people of the Falkland Islands should apply to the people of Gibraltar, who must not see their sovereignty negotiated behind their backs?

Guy Opperman: I am grateful to my hon. Friend for raising that point. We are no longer a colonial power. Those days are, rightly, distant history. As such, we will never force any dependent territory to remain part of our country, but we will also not let down a dependent territory. Let us take Scotland as an example. I would not, of course, call Scotland a dependent territory, notwithstanding the subsidy and the inequity of the Barnett formula, but the Scottish referendum is a prime example of the fundamental principle that it is for the native people to decide their fate. Rightly, we will always welcome and defend those who wish to remain part of Great Britain.

Dr William McCrea (South Antrim) (DUP): I thank the hon. Gentleman for giving way. He is being generous. Is it not vital that Argentina recognises the determination of this Government and this Parliament to defend the right of the Falklands people to remain British?

Guy Opperman: I am pleased that there is a cross-party selection of Members in the Chamber early on this Tuesday morning when they have many other matters to attend to. We are presenting a united front across parties and throughout the House to show adamant support for the individual rights of people who live in the Falkland Islands. I welcome my hon. Friend's comment, and the support from his party.

I want a self-determination law. It is well known that the Foreign and Commonwealth Office—to be fair, it has done excellent work in support of the Falkland Islands—is planning to introduce a White Paper in 2012 covering all aspects of the Government's policies on the overseas territories. That is pending. I want all overseas territories with a settled population to have an unambiguous right to remain British, and to be defended from oppression in the absence of a majority voting for secession. All the 293,000 people in the Caribbean islands of Anguilla, Bermuda and Montserrat and the south Atlantic islands of St Helena, Ascension and Tristan da Cunha, and the plucky 48 people who live a precarious existence on Pitcairn Island, need to know that self-determination will always be recognised by this country.

Gareth Johnson (Dartford) (Con): My hon. Friend is right to put self-determination at the centre of his speech. Some 255 British personnel died when trying to ensure that self-determination prevailed for the Falkland Islanders. Does he agree that anything other than self-determination would be an affront to the memory of those men and women?

Guy Opperman: My hon. Friend makes his point eloquently. I pay tribute to all our servicemen and women who are serving overseas, protecting our interests and striving to preserve other people's freedoms. Most importantly, I pay tribute to the thousands of troops, led by the Royal Regiment of Fusiliers, who are working on the Islands at this time. I know that many hon. Members here today represent constituencies with regiments that served or are still serving in the Falkland Islands.

Penny Mordaunt: People in Portsmouth whom I represent would want no hesitation in marking the 30th anniversary of the British victory in the Falklands war, and the posting of His Royal Highness the Duke of Cambridge to the Falkland Islands should not be underplayed. He will be there to do a job, but his destiny as a future king and the man to whom the Islanders will one day owe their allegiance, should not go unacknowledged in Her Majesty's diamond jubilee year.

Guy Opperman: Argentina has described the royal visit as an inflammatory act, which is ridiculous. The gentleman involved, who happens to be the future king, is going as a search and rescue pilot. Were he to save the life of some hapless Argentine sailor, I hope that Argentina would be equally as grateful as, I am sure, the individual saved by the presence of the Duke would be. I support the fact that the Duke of Cambridge has been asked to go and that he intends to do just that.

I pay tribute to Able Seaman Derek Armstrong from my constituency who was a pupil at Prudhoe community high school. At 9 o'clock this morning I met with students from that school who are visiting the House of Commons today—all hon. Members know of schools that visit the House in order to understand its history. On 22 May 1982, Derek Armstrong was 22 years old and serving on HMS Ardent. He was sadly killed in the attack that sunk that ship, and Prudhoe community high school now presents a Derek Armstrong memorial award each year to the best sportsperson at that school. It was amazing to see the students this morning as that living history, and the relevance of the Falklands war to individuals and to their school, was explained to them.

When the Duke of Cambridge goes to the Falkland Islands later this year, I regret that he will find an island that is under a degree of trade blockade. The Argentine President has upped that blockade by taking the slightly unbelievable step of blocking ships that are flying the Falkland Islands flag from their ports, and she has persuaded other members of the south American trading bloc, which includes Brazil and Uruguay, to do the same. A ship is not allowed access if it shows the so-called "defaced" Falkland Islands red ensign. Provided it removes its flag, however, and denies its true origins, it is given access. Such denying of a recognised international ship that is carrying a recognised international flag runs contrary to international law and is, I suggest, a protectionist and retrograde step. There is no justification for such petty actions that are done only to intimidate a small civilian population and, with respect, such things are beneath the Argentine people. Let us be blunt: such actions merely harden the resolve of this House, strengthen that of the Islanders, and do nothing to endear the Argentines to the Islanders. It is hardly about hearts and minds.

Are we in 2012 really going down a route that sees civilised countries make ever increasing efforts to block free trade? This is about protectionism. Will the Minister update the House on the efforts made by our diplomats to end the trade blockade? I accept that the Foreign Office has done—and continues to do—a great deal to support the Falkland Islands over the past few years, but I hope that it will do yet more to increase support, both financially and in terms of manpower, in the Foreign Office itself and on the Falkland Islands.

I will attempt to address the principle of self-determination, which is set out in article 1.2 of the charter of the United Nations, and article 1 of the international covenant on civil and political rights. The Argentines continue to say that we should negotiate on sovereignty, but about what?

[Guy Opperman]

Let us analyse the claims. In 1965, UN resolution 2065 noted

"the existence of a dispute between the Governments of Argentina and the United Kingdom of Great Britain and Northern Ireland concerning sovereignty over the said Islands."

It invited the Governments involved

"to proceed without delay with the negotiations...with a view to finding a peaceful solution to the problem, bearing in mind the provisions and objectives of the Charter of the United Nations and of General Assembly UN Resolution 1514 (XV) and the interests of the population of the Falkland Islands."

UN resolution 2065 must therefore be read in line with UN resolution 1514, which states:

"The subjection of peoples to alien subjugation, domination and exploitation constitutes a denial of fundamental human rights, is contrary to the Charter of the United Nations and is an impediment to the promotion of world peace and co-operation."

It adds—and this is key—that all peoples have

"the right to self-determination; by virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development."

The argument that anything other than self-determination is supported by the UN agreements is completely wrong. Self-determination is enshrined within the resolutions and supports our case.

UN resolution 1514 continues:

"All armed action or repressive measures of all kinds directed against dependent peoples shall cease in order to enable them to exercise peacefully and freely their right to complete independence, and the integrity of their national territory shall be respected...Any attempt aimed at the partial or total disruption of the national unity and the territorial integrity of a country is incompatible with the purposes and principles of the Charter of the United Nations."

I could continue with an analysis of the various UN conventions and protocols, but under any interpretation, the argument supports the right to self-determination for the Falkland Islanders.

Thirty years after the Falklands war, we should be celebrating the culture of those special islands and investing in them in a variety of ways. We should also be promoting the fantastic tourism opportunities they could provide. The Mercosur countries of the south American bloc are our friends, just as we would like Argentina to be. We wish President Fernandez a full recovery from her operation. I am an MP from the north-east and my local football team, Newcastle United, is led by one Argentine and includes another, and those players are revered by thousands of people who support that team. In no way is Argentina our enemy; we wish to be trading partners and friends, and to take the relationship forward. This world has so much strife, but I say to the Argentines: let us work together for prosperity, not fall apart as fools.

The Argentine Government must understand that the future of the islanders does not lie with Argentina.

Kerry McCarthy (Bristol East) (Lab): I agree entirely with what the hon. Gentleman says about the right to self-determination, and his analysis of how those rights are enshrined by the UN. I understood, however, that he was calling for such a measure to be encapsulated in British law. He has said that we need a law of self-determination for the overseas territories, but he has not explained why he feels that that is needed as an add-on measure.

Guy Opperman: Such a measure would confirm the rights of those individual islanders who live in overseas territories that have a settled population, and show the United Kingdom's strong intention to recognise self-determination. There are references to that in the various United Nations conventions that have considered such matters repeatedly, and in what are called colonisation committees that sit from time to time. Such a measure would send out a strong message and signal from this country that the self-determination of individual peoples, where they choose to remain part of Great Britain, is paramount.

As I was saying, the future of the Falkland Islands does not lie with Argentina or with Britain as such, and such arguments are a futile war of words. The decision rests, and will always rest, with the settled inhabitants of the Falkland Islands. Gone are the days when colonial possessions could be disposed of by giving away power, regardless of the views of the inhabitants. Instead, let us celebrate the unique history and culture of a small island people that still choose to remain British—and so they shall, suitably supported by this country. That position, and their choice in the matter, is non-negotiable.

9.59 am

Caroline Dinenage (Gosport) (Con): It is a pleasure to speak in a debate under your stewardship, Mr Crausby. I thank my hon. Friend the Member for Hexham (Guy Opperman) for securing this important debate at this critical juncture for the Falkland Islands. I could not reasonably expect to be allowed to set foot back in my Gosport constituency if I did not take part in the debate, because the history of my town is indelibly linked in many ways with that of the Falkland Islands. We have many veterans of the Falklands war. Indeed, I share my constituency office with the indomitable Derek "Smokey" Cole, who runs the Falklands Veterans Foundation and who was responsible in part for raising the money to build Liberty lodge in the Falkland Islands. Even the iconic Gosport ferry is operated by Falkland Islands Holdings. We therefore have a very strong link to the Falklands.

As we approach the 30th anniversary of the Falklands war, there should be cause for joy in many ways. The Islanders should be able to celebrate their freedom, safe in the knowledge that their right to self-determination was protected by this country and always will be. The servicemen, many of whom lost so much, should remember the conflict secure in the belief that their sacrifices were not in vain.

This commemoration is marred by disappointment, given that it is taking place in the face of Argentine aggression. The islanders are suffering increased hostility and blocks on trade from neighbouring countries, while Argentina continues to misrepresent the situation on the world stage. I do not intend to recount again the challenges that Britain and the islanders face and that my hon. Friend so eloquently and fully outlined. Instead, I want to underline what I see as the most vital point in today's debate—the islanders' right to determine their own future should be absolutely respected by Britain, Argentina and the rest of the international community.

Bob Stewart: I intervene at this stage just to make one point. The Falkland Islands are defended by hugely capable royal naval assets at the moment. It is no secret that the Typhoon, one of the best multi-role aircraft in

the world, operates from the all-weather airstrip. I will not go into the Army assets deployed. Let us be clear and send a message from this Chamber today—keep your hands off the Falklands; they are British and they will remain British.

Caroline Dinenage: My hon. Friend, as always, makes a very strong and valid point. A number of us in the Chamber were in the Falklands last year and got to meet many of our brave service personnel who work daily to keep the Falklands safe and independent.

The sacrifices and memories of the war are indelibly marked on the fabric of my constituency. Gosport's role in the conflict was significant, with a great number of sailors and submariners coming from the town. Indeed, the Admiral of the Fleet, Lord Fieldhouse, is a local boy. The town proudly commemorates that in the Falklands memorial garden.

This year, we will again pay tribute in Gosport to those who served and, in 2005, were honoured with the freedom of the borough. As their Member of Parliament, I feel immense pride for what my constituents sacrificed for people living thousands of miles away from them. They were brought together by their desire to be British. Ultimately, both then and now, the inhabitants of the Falkland Islands want to be British. With not a single islander fighting to renounce its status as a British dependent territory, neither the British nor the Argentines have any right to dictate their fate.

As I have mentioned, I was fortunate enough to witness for myself the powerful connection that the islanders feel with Britain last year, when I visited the Falklands with the armed forces parliamentary scheme. It is a remarkably beautiful place, yet one in which the scars of war are still very apparent. Minefields are still cordoned off. On Mount Tumbledown, where some of the battle took place, there is an Argentine bunker with personal belongings still in it.

Unquestionably, however, the most striking aspect of the trip was the regard in which the Islanders held those British who fought for them. At the memorial site at Bluff cove for the 48 people killed when Royal Fleet Auxiliary Sir Galahad was attacked, I bumped into veterans from HMS Fearless, two of whom were from my constituency. When I got over the shock of meeting so far away from home people who were my neighbours, they told me of the experiences that they had had during their visit to the Falklands. When they had gone to pay in restaurants, their bills were waived. When they had gone to hand over their fare in a taxi, the taxi driver had said, "No charge." Everywhere they went, the ongoing gratitude of the Islanders 30 years later for their role in securing freedom was indelibly marked in every aspect of what they did.

It is that freedom that we are again called upon to safeguard today. I reiterate the desire expressed by my hon. Friend the Member for Hexham to see the House united in full support of the islanders and I urge the Minister to commit to a self-determination law confirming the right of all our overseas territories to remain British for as long as they want to.

10.5 am

Mr James Gray (North Wiltshire) (Con): Thank you, Mr Crausby, for chairing the debate so well. I pay tribute to my hon. Friend the Member for Gosport (Caroline Dinenage), who never misses an opportunity to speak up for the Royal Navy and for Gosport. I am delighted that she is serving as chairman of the sub-committee of the all-party group on the armed forces, of which I am chairman. In that capacity, she is looking after the Royal Navy and doing a very good job, too. I thank her for that.

I also pay tribute to my hon. Friend the Member for Hexham (Guy Opperman), who has laid out with barristeresque detail and clarity the case for the continuing independence and right to self-determination of the Falkland Islands. I will not attempt to repeat or to disagree with anything that he said, which was absolutely right. I will expand on it a little, but without the learned qualities that he was able to bring to his contribution.

My hon. Friend was right to start by paying tribute to the 255 British servicemen whose bodies lie in cemeteries in the Falklands to this day. I think that that was the last war in which the bodies of servicemen were not returned to the United Kingdom. In remembering them and the sacrifice that they made for the freedom and independence of the Falklands Islands, one should also remember the very many servicemen who came home but who suffer, because of the terrible injuries that they sustained as a result of their service, to this day. It was a great pleasure recently to welcome Simon Weston to Wootton Bassett town hall to turn on the Christmas lights in the high street. One need only think of the sacrifice and the efforts that Simon Weston and others have made to help servicemen like themselves.

Of course, in Wiltshire, we are very fortunate to have the home of Help for Heroes and, in Tedworth, the excellent home for servicemen injured in war, which is in the process of being completed and which I visited last week. At a time such as this, it is terribly important not only that we remember the 255 servicemen who gave their lives for the freedom of the Falkland Islanders, but that we think about and make efforts to help the very many servicemen—52,000 altogether in the United Kingdom—who will suffer for the rest of the lives as a result of the service that they have given.

In that context, I will, if I may, make a slight deviation to my own constituency. I am thinking particularly of the servicemen from RAF Lyneham, as it was. Sadly, thanks to the previous Government, it is no longer RAF Lyneham; it is to become a cross-service training depot. In those days, the Hercules fleet was based at RAF Lyneham and performed a magnificent service in ferrying people up and down to Ascension Island and onwards to the Falklands.

Also in my constituency, we were delighted last Thursday to give the freedom of the town of Chippenham to 9 Supply Regiment, the Royal Logistic Corps, which is the largest regiment in the British Army. Colonel Bob, my hon. Friend the Member for Beckenham (Bob Stewart), might be interested to hear that 9 Supply Regiment, based at Hullavington, was given the freedom of Chippenham. Its predecessor also made significant contributions in supplying all that was needed during the great conflict 30 years ago this year.

The thrust of the debate today is plain. People in dependent territories and, indeed, elsewhere according to the United Nations, must have the right of self-determination. There can no question about that whatever. Most of the wars that we have fought in the past 100 years have been in the interests of freedom and of self-determination. It is right that people should be

[Mr James Gray]

able to say for themselves whom they wish to run their country. As my hon. Friend the Member for Hexham mentioned, that principle lies behind the current debate about a referendum in Scotland, although that is beyond the scope of this debate.

It is right that people should be able to say that they wish to remain one way or another. I suggest that if we challenged the 3,000 people who currently live in the Falklands to do so, my right hon. Friend the Foreign Secretary would receive 3,000 letters tomorrow morning indicating that every single one of them wished to remain British, to retain the British passport, to be part of Great Britain and to be a dependent territory of the United Kingdom. There is no question whatever about the unanimity and strength of desire of the people of the Falklands to do that.

With that background, it is only right that our nation should send the clearest possible messages to the Argentine Government that in no circumstances will we countenance anything like military action towards the Falklands. I must say in passing that military action against the Falklands is extraordinarily unlikely. There is not the remotest possibility that the Argentines will consider a replay of the war. None the less, they are choosing at this time for political reasons to make sabre-rattling noises, suggesting that they might do so. We should say that we will defend the Falklands to the last man—of course we would; there is no question about it, and it is impossible to imagine we would not. However, what is more important than that is what lies behind it, which is that we should be ready to say firmly and clearly to the Argentines—in saying this, we should echo it with messages to other parts of the world—that we do not believe it is right to say that the Falklands are part of Argentina, or to use the name the Malvinas. Just saying that and just making those noises undermines the right to self-determination of the people of the Falklands. It should not be allowed under international law. We should make it plain to them that we will not allow them to continue to do it.

Of course there are all sorts of ways in which we could persuade the Argentine Government of the wisdom of that view. They depend on us for all kinds of things. They want a sensible relationship with the rest of the world. The rude noises that they make about the Falklands should form an important part of negotiations that they might have with us about other things. It is outside the scope of this debate, but we heard this morning about strange remarks from Spain about Gibraltar's independence and freedom. What we say in this debate about the Falklands is exactly mirrored in our approach to the independence and freedom of the people of Gibraltar, who have the right to decide whether they want to remain British—I am certain, having visited recently, that they do, to a gigantic extent. We must say to the Government of Spain, no matter what our relationship may be, that precisely what we did in the Falklands we would do with regard to Gibraltar, if they were to be foolish enough to tread on our toes in that way. We should reiterate the principle of independence and self-determination.

In congratulating my hon. Friend the Member for Hexham on calling the debate, I have only one slight regret. He may not realise that to this day 10 January is celebrated in the Falkland Islands as Thatcher day—and a good thing, too. It is a shame we could not have this debate on Thatcher day, the day on which she visited the Falkland Islands six months or so after the war was over. We should remember the part that she—a great woman—played in maintaining the freedom and independence of the Falkland Islands. Let us not forget it. I do not like "The Iron Lady". It is not a particularly tasteful thing to have done. On an occasion such as this it is right that we should pay tribute to the great Margaret Thatcher for the wonderful work that she did in preserving the freedom and independence of the people of the Falkland Islands.

The question whether there is a risk of military intervention in the Falklands has already been touched on. I do not believe that there is a risk, or that the Argentines are foolish enough even to contemplate doing anything of the sort. I very much agree with my hon. Friend the Member for Beckenham that the quality and strength of the defence that we have in the Falklands—my hon. Friend the Member for Gosport saw the evidence when she visited with the armed forces parliamentary scheme last year—is such that no one, whether the Argentines or anyone else, would possibly consider it.

I have a couple of minor concerns about the outlying islands. I am very much involved with South Georgia, which is of course the place where the Argentines first landed all those years ago. To this day, it remains exposed to some degree. It is of course a quite remote place, entirely populated by rats, which we are doing our best to eradicate at the moment. It is a place that we have to keep our eye on to ensure that no intervention is possible there. The Argentines have also made some foolish remarks about Antarctica. It is covered by the treaty and is no part of Argentina. We should preserve the international nature of Antarctica from any possible encroachment by the Argentines or anyone else. There are not only diplomatic reasons, but important commercial reasons for that. Mention has been made of oil, and Rockhopper is a fine Wiltshire oil company, which is currently considering what it can do in the south Atlantic. I am delighted to help in any way that I can to ensure that its rights of exploration—if, indeed, it decides to use them—are preserved against a possible commercial objection by the Argentines or anyone else.

Our forces in the Falklands, as has been said, are second to none. They are ready to repel any boarder. However, I have one concern. This matter was raised in the Chamber on Thursday, during the defence debate. By the end of the current strategic defence review, we shall have an Army of 82,000 people. In many parts of the world, and under many definitions, that is not an army but a defence force. The number above which a force is considered to be an army is normally 100,000. Our Army is now the smallest that we have had since the Crimean war. Our Navy has been decimated and the RAF has been cut in half. If there were to be an encroachment today of the kind that happened before, we would not be able to produce a taskforce as we did then, because we simply do not have the resources. As I said in Thursday's debate, that is entirely wrong. If we have a moral duty as a nation, whether in the Falklands, Gibraltar or elsewhere in the world, we must have the resources to carry it out. I fear that the strategic defence and security review has resulted in a defence force for this country that is not sufficient to carry out the tasks

that the Foreign Office requires. The Minister may want to consider whether the Foreign Office could make stronger representations to the Treasury about the amount of money available for the defence of the realm, so that if we ever have to, we can once again send a taskforce of the kind that we are remembering today.

We are sending a clear message to the people of the Falklands, and to the United Nations, the United States and the rest of the world, that we believe that the people of the Falklands have every right to self-determination. The people of the Falklands must be allowed to decide their future, and we will use military force if necessary—certainly military defensive force—to ensure that that happens. However, we should send a stronger message that we are determined to do the same elsewhere in the world. We are determined that people's right to make up their minds about their future, a free and independent liberal economy and democracy are the things that our nation stands for. We demonstrated that we stood for them during the Falklands war, and we stand for them elsewhere in the world; but to do so we need sufficient defence forces and investment.

10.17 am

David Morris (Morecambe and Lunesdale) (Con): It is a privilege to speak under your chairmanship, Mr Crausby. I want to thank my room mate, my hon. Friend the Member for Hexham (Guy Opperman), for this important debate. As I take every opportunity to say, I like to think I taught him everything he knows.

Many of today's speeches have been poignant to me. I want to convey a feeling of what it was like in 1982, when I was 15—nearly 16—years old. My father, Captain Alan Lewis Morris, who retired many years ago, was then the age I am now. He was in the reserves and was due to command a minesweeper that was stationed in Liverpool, out to the Falkland Islands. As it happened, it was his 25th wedding anniversary year, and he had already booked a cruise on the Queen Elizabeth 2; we all know what happened there. As a young man at that time, watching what was happening on television, with both excitement and apprehension at what was unfolding before my eyes, I had a bit of a moral and patriotic insight, which was part of my wanting to be here in the House of Commons today. My father never went in the end, because the day he was called up was the day the conflict ended. However, I remember wondering whether, if he went away, he would come back. The conflict was very hard on both sides. The fact that we travelled to the other side of the world and fought off an aggressor on a small outpost speaks volumes about the spirit of the British people.

Bob Stewart: Such action also speaks volumes for the spirit and the quality of our armed forces who always multiply up their small numbers when they go into combat. In Afghanistan, their morale is outstanding despite what is happening out there. My hon. Friend the Member for North Wiltshire (Mr Gray) outlined the situation in his admirable plea for more money for defence. If necessary, our forces will fight a superior force and retake the Falklands, because of the quality of the people that we have in our armed forces.

David Morris: I thank my hon. Friend for that eloquent and powerful statement. I agree with everything that he says.

Thirty years on, the Falklands Islands is still, quite rightly, being protected by British troops. It is regrettable that the US State Department referred to the Falklands as the Malvinas. Coming from a shipping family, I was enlightened to learn that racketeering in world trade is still going on against Britain in that sphere of the globe. We have even had to drop the red ensign, which I find insulting as an English man, never mind as a Member of Parliament.

We must look to the future. There is oil in the region, although I have no idea whether that has anything to do with the fact that Argentina has started rattling sabres again. The oil, which might explain this reawakening of interest in the Falklands Islands, is hard to get at and extremely difficult to drill and mine for. The nitty gritty of this debate is people. Nine generations of people who have settled and lived in the Falklands want to be part of the British people; they are the British people. As my hon. Friend the Member for Beckenham (Bob Stewart) so powerfully stated, the Falkland Islands is British. We shall defend the Falkland Islands just as we shall defend any other area of the globe that we represent. The islanders want to stay with us. We protect them and we are trading prosperously from their islands. Such facts speak more about our people, our sovereignty, their sovereignty and this Parliament.

I would like to have powerfully summed up this speech by saying how we would defend the Falkland Islands, but my hon. Friend, the colonel, has already said it for me and in a better way than I ever could. It is absolutely imperative that we protect our interests in the Falklands. We must protect the Falkland Islanders because the Falklands will always, and should always, remain British.

10.23 am

Andrew Bingham (High Peak) (Con): It is a pleasure to serve under your chairmanship today, Mr Crausby. I congratulate my hon. Friend the Member for Hexham (Guy Opperman) on securing this debate.

As my hon. Friend the Member for Gosport (Caroline Dinenage) said, she and I went to the Falklands earlier this year with the armed forces parliamentary scheme. For the avoidance of doubt, I hasten to add that, unlike my hon. Friends the Members for Hexham and for Morecambe and Lunesdale (David Morris), we were not room mates on this trip.

The excellent armed forces parliamentary scheme enables Members such as me who have no military experience or history to get a feel for what life is like in the forces. When we were in the Falklands, we visited the RAF, the Army and the Navy and we did exercises with them all. We also met the islanders, whose message to us was clear and consistent. Everywhere we went, they said, "We are British and we want to stay British for ever." We must defend the rights of those islanders and send a clear message back to Argentina.

At one point on the visit, we spent the night on HMS York, which was an experience in itself. We were with the sailors, and not in the officers' mess. I was with the stokers. *[Interruption.]* Yes, it was quite appropriate. It was an interesting experience. The ship was due to leave the Falklands and sail up the west coast of South America. As part of that detail, HMS York was due to dock in Chile to refuel and to give the guys some shore leave. While we were on the ship, though, the crew

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received notice that their shore leave had been cancelled because Chile would not allow them to dock or to go ashore. We can only surmise the reasons for that, but I suspect that it was due to the pressure that Argentina has been applying on the nations in South America. In particular, it has been using economic pressure. It has realised that military pressure will not work and so it has now turned to economic means. We were told that taxes are now being levied on companies that operate in and around the Falkland Islands if they want to operate in Argentina. Again, it is more economic pressure on the economic community that could help the Falkland Islands to survive and grow.

We have heard about the claims of inflammatory acts. The Argentines say that sending Prince William to the Falklands was an inflammatory act, but what about the pressures that it is applying to the other nations in South America? As my hon. Friend the Member for North Wiltshire (Mr Gray) said, we need to send a clear message to the Argentines. This is a case not of posturing but of being clear and firm. The Falkland Islanders are British and they want to remain so. For as long as they wish to remain British, we will defend them and we will not sit back while Argentina gets up to its old games. At the risk of being controversial, I ask the Minister to take a look at our foreign aid budget and see how much is given to Argentina, because there is a tool by which we may exercise a little bit of extra pressure.

It is 30 years since the Falklands war. Simon Weston has been mentioned previously. By complete fluke, I had the pleasure of having lunch with Simon many years ago and I found his tales of the Falklands war both fascinating and harrowing. As my hon. Friend the Member for Gosport said, while we were in the Falklands, we visited the Argentine outpost on Mount Tumbledown, which was remarkably well preserved and still carries personal artefacts. I saw a training shoe and other such things. It was a very sobering experience. We must remember that war 30 years ago. I was 19 when it happened; slightly older than my hon. Friend the Member for Morecambe and Lunesdale. Thirty years seems a long time ago, but we must never forget that many British soldiers gave their lives for the Falklands. The islanders respect, remember and appreciate that. We must maintain our level of defence for them. It is their right to remain British and we must defend them.

10.28 am

Kerry McCarthy (Bristol East) (Lab): As ever, it is a pleasure to serve under your chairmanship, Mr Crausby. I congratulate the hon. Member for Hexham (Guy Opperman) on securing this debate. The good turnout today is a testament to the desire in this House to reiterate our support for the people of the Falkland Islands. As we mark the 30 years since the Falklands war, it is important to remember not only those who fought but the sacrifice of the 255 Britons who lost their lives. As we approach the anniversary, the increasing tension and the greater focus on the Falkland Islands must be particularly difficult for the families of those who died during the conflict. It is important that we use occasions such as this to reiterate our gratitude to them for their sacrifice and our commitment to protecting the Falkland Islands.

As I made clear earlier, Labour continues to support the islanders' right to self-determination. It is a long-established principle that has been recognised by successive Governments and by the Falkland Islands constitution. Moreover, as we have discussed, it is set out in article 1.2 of the UN charter and in article 1 of the international covenant on civil and political rights. As the hon. Member for Hexham said, it has been reinforced by UN resolutions that deal specifically with the Falkland Islands and by the many other UN resolutions that reaffirm the commitment to the right of people to determine for themselves what their future should be. Therefore, I am not persuaded by him that there is a need to enshrine that principle in UK law. He has said that it would send out a signal that we are absolutely committed to upholding the right to self-determination, but I do not think that the purpose of legislation is simply to send out signals when the position is already clear. Indeed, I thought that the ideology that underpins his Government is that we should not go down the path of unnecessary legislation; that we should legislate only when there is an absolute need for it. Also, I am concerned that, if there were an attempt to enshrine that principle in UK law, it could be seen to undermine other principles of international and UN law that are not enshrined in UK law; it could seem that the principle were of a different status.

Mr Gray: I agree with the hon. Lady about small government, but does she recall the occasion when her right hon. Friend, the Member for Blackburn (Mr Straw) entered into negotiations with the Government of Spain on the future of Gibraltar without consulting the people of Gibraltar? That shows that, on occasion, such things can slip. Is that not a reason for writing the principle into law?

Kerry McCarthy: I do not think that entering into negotiations or discussions with another country necessarily thwarts or flouts the right to self-determination. It is fairly well established that we will respect the right of the people in the overseas territories to determine their fate, and we have reiterated that over and again.

Mr Gray: Will the hon. Lady give way again?

Kerry McCarthy: We are not here to discuss Gibraltar.

Mr Gray: If the hon. Lady is saying that she could see no reason why the right hon. Member for Blackburn should not have discussed with Spain the future of Gibraltar without consulting the people of Gibraltar, is she saying that it would be perfectly reasonable for any other Foreign Secretary to enter into discussions with the Government of Argentina about the future of the Falklands without consulting the people there?

Kerry McCarthy: I am obviously not saying that at all. If we were having bilateral meetings with Argentina, or if there were a state visit to Argentina, and the issue of the future of the Falkland Islands were raised by the Argentine Government, we would of course have discussions with them about that. That is not the same as entering into negotiations or in any way at all committing to signing away the rights of the Falklands Islands without respecting its residents' right to self-determination. As has already been mentioned, given that the Falkland Islanders are unanimous in their desire to remain British,

I cannot see that as something that would in any way, shape or form be on the table in a serious way at any such discussions.

Guy Opperman: For the avoidance of doubt, I shall try to clarify the point that I was seeking to make, which I believe was supported by my hon. Friend the Member for North Wiltshire (Mr Gray).

There have, down the generations, been examples—whether it is Gibraltar or the Falkland Islands in the late 1960s—where successive Governments have sought to negotiate on sovereignty in circumstances where that has palpably not been the will of the people. My proposal would allow the House of Commons and Parliament to send out a crystal-clear message that self-determination is part of the law of this country, and negotiations cannot be entered into without observation of the individual rights of those persons. That does not currently exist, and that is the right reason why we seek a law on self-determination out of the Foreign Office White Paper that will be discussed in the House this year.

Kerry McCarthy: Perhaps we can agree to differ on that matter, and I look forward to hearing what the Minister has to say and whether he feels there is a need for the principle to be enshrined in UK law.

We share the Foreign Office's disappointment about the decision to block ships that carry the Falklands flag. Developments since December have been particularly troubling, and we welcome the robust response from the Foreign Office. Although it is reassuring that ships have been able to get around that policy and continue to enter ports by carrying the British flag, it is obviously not acceptable for the Argentine Government, because they object to the Falkland Islanders' choice to remain British, to seek to impose an economic blockade or to inhibit the Islanders' way of carrying on their economic life.

It is also worrying that other south American countries have been brought on board in that decision. Will the Minister confirm which countries and representatives from south America have had direct discussions with the Foreign Secretary, who visited Latin America earlier this month, about the Falkland Islands? Was the blockade discussed with other countries? What was the outcome of the talks? Will the Minister assure us that the Foreign Office is using all diplomatic options to encourage Latin America to respect the Falkland Islanders' right to self-determination? What assessment has the Foreign Office made of the impact of the tension with Argentina over the Falkland Islands on the UK Government's efforts to strengthen the relationship with the rest of south America? Will the Minister explain to us what representations the Government have made to counterparts in Chile about protecting the one flight a week from Chile to the Falkland Islands, which President Fernandez has sought to stop?

We appreciate—I have reiterated this today—the need for a robust and unambiguous stance from the UK Government on our determination to protect the Falkland Islanders' right to self-determination and, consequential to that, their British status. Is the Foreign Office concerned, however, that the Prime Minister's choice of language might have unnecessarily inflamed the situation? I welcome the Prime Minister's clear assertion in the House that the future of the Falkland Islands is a matter for the people themselves and that they will remain British for as long as they choose to do so, and we also agree that Argentina cannot disregard the Falkland Islanders' right to choose. However, accusing the Argentine Government of colonialism, which was clearly an emotive choice of words, provoked a strong reaction from the Government and the Argentine people. Does the Minister think, with hindsight, that that was a wise choice of words? We are also concerned about the march on the embassy in Buenos Aires, in which protestors burned the Union flag. Will the Minister assure us that the welfare of the embassy staff is being protected?

Some suggestions have been made, not in this Chamber, but in the media, that the defence of the Falkland Islands would not be secure if there were attempts by Argentina to invade—although we note that the Argentine President has ruled out any military action. For example, in a recent piece in *The Daily Telegraph*, General Sir Michael Jackson said that Britain would not be able to reclaim the Falklands if Argentina invaded. I note that earlier in the debate the hon. Member for Beckenham (Bob Stewart), who is well informed on such matters, assured us that that was not the case and that there was no threat, but I would be grateful to receive some reassurance.

Mr Gray: It is absolutely the case that we would not be able to send a taskforce tomorrow in the way that we did 30 years ago; we simply do not have the resources to do that. That is quite different from saying that we have no resources to defend the Falklands—of course we do. In particular, the building of a runway at the airport has made defending the Falklands an entirely different matter from what it was 30 years ago, when that did not exist. Of course we can do it today, but we would not be able to lay on a task force as we did then.

Kerry McCarthy: Indeed.

Argentina has now named an ambassador to the UK, which is a step in the right direction. Will the Minister tell us whether he has had any contact with Alicia Castro since her appointment? Does he intend to meet her soon? Have his officials in the Foreign Office had any contact with her? We are all keen to hear from the Minister his response to the various points that have been raised in the debate, so I will hand over to him.

10.38 am

The Minister of State, Foreign and Commonwealth Office (Mr Jeremy Browne): Thank you, Mr Crausby, for presiding effectively over this morning's important debate. I start by paying tribute to my hon. Friend the Member for Hexham (Guy Opperman) for giving the House the opportunity to discuss in detail what is not only a topical issue, but a core issue of national importance, which has been receiving considerable media attention recently. It is quite right that we are discussing the matter in the House, and I pay tribute to all Members who have contributed to our deliberations.

In addition, Mr Crausby, I do not know whether this is improper in procedural terms, but I want to welcome Dick Sawle, a Member of the Falkland Islands Legislative Assembly, who is in Westminster Hall to witness our debate today. Other Members have quite rightly paid tribute to the British soldiers and Falkland Islanders who died almost 30 years ago in the Falkland Islands

[Mr Jeremy Browne]

war, as well as to those who suffered lifelong physical and mental trauma as a result of the war. And as we approach the 30th anniversary of the war, it is also appropriate to reflect, as others have already done, on the deaths of Argentines during the conflict.

The Falkland Islanders have faced successive challenges from Argentina to their democratic right to decide how and by whom they are governed, but the British Government's support for the Falkland Islands is unequivocal. So, for the avoidance of doubt, I say to the House today that we—the British Government—believe in the principle of self-determination for the Falkland Islanders, and our position has not changed and will not change. Our strong response to the statement by the Latin American bloc, Mercosur, last month, a statement which purportedly banned vessels that fly the Falkland Islands flag, was a clear demonstration of our position, and to Argentina itself we expressed our deep disappointment at its attempts to intimidate the Falkland Islanders. We condemned Argentina's actions both in London and through our ambassador in Buenos Aires. From Argentina's attempts to harass Falklands-bound shipping or its attempts to close south American ports to Falklands vessels, to its threats to cut off the air links between Chile and the Falklands or to damage companies that do legitimate business in the Falklands, there is a pattern of behaviour designed to blockade the Falklands economically, which is unacceptable and utterly counter-productive if the objective is to make the Falkland Islands part of Argentina.

Gemma Doyle (West Dunbartonshire) (Lab/Co-op): I visited the Falklands in November, and I have been listening to the debate this morning with interest. I am slightly concerned that in this debate we are perhaps giving too much merit to the present-day posturing of the Argentines. I welcome the Government's actions, which the Minister has been setting out, but does he recognise that it is important that we ourselves do not fall back on posturing or indeed on inflammatory statements?

Mr Browne: I want to start my response to the hon. Lady by thanking her for going to the Falklands; we had a good meeting on her return to discuss her experiences and what she learned from that visit. I take her point that we should not exaggerate the effectiveness of the Argentines' actions, and I will discuss that point later in my speech. At the same time, however, it is important that, without being inflammatory in our language, we are very clear and unequivocal in this debate about the position of the British Government and, I believe, the British Parliament, and do not leave any room for misinterpretation.

I want to reassure the hon. Member for Hexham and others who have contributed to the debate that the Government have been extremely active in condemning any attempts by Argentina to erect an economic blockade of the Falklands, and it is right that we call it what it is, which is an economic blockade. It is designed to try to hurt the Falkland Islanders economically, to disadvantage them and to reduce their standard of living. As I have already said, we have been very clear that we regard that course of action by Argentina as wrong. We want vital trade links to be maintained.

We are not in any way complacent about what is happening at the moment. We understand the tactics being adopted by the Argentine Government, and they may yet seek in the months ahead to intensify the pressure that they are applying. However, to expand on the point that I was just making to the hon. Member for West Dunbartonshire (Gemma Doyle), we should not exaggerate the success that Argentina has had. The Falklands economy continues to grow strongly, with a budget surplus and very healthy reserves. If the objective of the Argentine Government is to weaken the resolve of the Falkland Islanders through economic means, it is not an objective that they have achieved.

The hon. Member for Bristol East (Kerry McCarthy), who speaks for the Opposition, asked what representations the British Government are making to countries across south America. The answer is that we make frequent representations at a very high level. As she said, the Foreign Secretary has just been to Brazil, where he specifically raised the issue of the Falklands at the highest levels of the Brazilian Government. We have also made unambiguous representations to the other Mercosur countries, Uruguay and Paraguay, and to Chile, which is associated with Mercosur. Indeed, right across Latin America, we have made our position clear, and I have made direct representations to Colombia, Ecuador, Bolivia and other countries right across Latin America, some of which instinctively support the Argentine position however many representations we make. Nevertheless, it is still important for us to make our position clear and unambiguous, and I think that other Latin American countries are more susceptible to reasoned argument than those that instinctively support the Argentine position.

Mr Denis MacShane (Rotherham) (Lab): I apologise for coming in late; I was detained, but I have been watching the debate downstairs. The Foreign Secretary was in Brazil, which is not a natural ally of Argentina, and yet Brazil is lining up with Argentina on the Falklands question. Did the Foreign Secretary obtain any reassurance that Brazil, which is now a major world power, is going to distance itself from what is, frankly, the very wrong position that Argentina is taking and that it would line up with the world's democracies, including our own, or did he return empty-handed?

Mr Browne: Oh, dear. It is a shame that the right hon. Gentleman should come into Westminster Hall right at the end of the debate and that he seeks to put the matter in those terms.

Mr MacShane: It is a question.

Mr Browne: No, I would not see it in terms of the Foreign Secretary returning "empty-handed". Brazil is keen to have a constructive relationship with its neighbour, Argentina—the relationship with Argentina is important commercially and politically for Brazil. At the same time, we are very pleased that Brazil is keen to have a growing relationship with the UK. The Foreign Secretary had an extremely valuable and productive visit to Brazil, and he had extensive talks in Brasilia with the Brazilian Foreign Secretary. The subject of the Falklands was not the only subject that was raised in the discussions between the two Foreign Secretaries, but it was raised. Not all of our diplomacy is so visible, because some of

it is more discreet than that. I assure my hon. Friends and all Members present for this debate that we attach a very high priority to the issue of the Falklands, that the Brazilians and others understand our position and that, like ourselves, the Brazilians and others do not wish to see an economic blockade of the Falklands.

The hon. Member for Bristol East, who speaks for the Opposition, asked whether I thought that the Prime Minister's position was appropriate. It is right that the Prime Minister is clear in this House—in Parliament—about the strong support that the British Government give to the status of the Falkland Islands. And on the military point that was raised by a number of Members, I assure the House that the Government continue to take necessary steps to maintain the security of the Falkland Islands.

More broadly, Members have talked about our wider relationship with Argentina. We have made it clear to Argentina that we are enthusiastic about having a more productive relationship and about addressing global issues together, including climate change or the global economy. Argentina, of course, is a member of the G20, so we have another opportunity in that forum to raise and discuss issues with it, and to build alliances with it where it is appropriate and in our shared interests to do so.

We want to work with Argentina constructively. There are areas where we share interests. We not only share economic interests, but wider trade issues, energy issues, transport issues, cultural issues, sporting issues and educational issues. There are lots of areas where we want to work more productively with Argentina than we are sometimes able to do at the moment, but only so long as Argentina understands that that process is not in some way part of a negotiation on the Falkland Islands. The status of the Falkland Islands is non-negotiable for us, but in other regards we wish to have a helpful and productive dialogue with Argentina.

I have not yet had the opportunity to meet Argentina's new ambassador to the UK—I do not think that she has arrived in London yet. However, I certainly will meet her when she arrives and at the moment I have regular and perfectly amicable engagement with the Argentine chargé d'affaires, who will be replaced by the ambassador when she arrives.

Dr McCrea: I accept all that the Minister says concerning the desire of the UK Government to work hand in hand on so many issues with the Argentines. However, does he agree that no threat of conflict from any Argentine Government will pressure the British Government into any negotiations that would undermine the will and determination of the Falklands people to remain British?

Mr Browne: Yes. I hoped that I had made that clear, but I will make the point again for the avoidance of doubt. Our position on the self-determination of the Falkland Islands is and remains non-negotiable. We have secured assurances from countries elsewhere in south America that they have no appetite for joining Argentina in attempts to damage the islands' economy.

We have asserted our commitment to deepening and broadening Britain's engagement with Latin America as a whole. To the Falkland Islanders, we have offered reassurance of our enduring commitment to their security and to their well-being. More than that, we have ensured that both in south America and in the UK their views are heard and their wishes are, increasingly I hope, respected.

The Prime Minister and others have voiced their support, and our embassies have worked tirelessly across Latin America and more widely in other countries around the world, to support the position of the Falkland Islanders. In some regards, that is already yielding dividends. At the recent UK-Caribbean Forum, for example, the Foreign Secretary and I were personally involved in making the case for the people of the Falkland Islands, and I am pleased that Caribbean Governments gave their unanimous backing to the rights of the islanders to self-determination.

The point has been made in this debate on whether we should have a self-determination law in the UK. The right to self-determination is already enshrined in law, as hon. Members know, via article 1.2 of the UN charter, and article 1 of the International Covenant on Civil and Political Rights, and it is worth emphasising that it is also written into the Falkland Islands constitution. The British Government already have a legal obligation to uphold both the principle and the practical consequences of self-determination, so we do not see the need for additional work in that area. We believe that point is clearly established.

We will continue all our work throughout 2012 and beyond in all those regards. The cornerstone of our policy will always be the islanders and their clearly expressed wishes. I have had many opportunities to meet representatives of the Falkland Islanders to discuss their concerns and to work closely with them. It is fair to say that I devote as much attention to the Falkland Islands as to any other part of the world. Despite the small population it is a part of the world of extreme importance to the FCO. We work closely with representatives of the Falkland Islands to ensure as best we can that their interests are met.

Indeed, I have been honoured with an invitation from the Falkland Islands Government, and I can announce this morning that I will visit the Falkland Islands in June as it commemorates the 30th anniversary of its liberation. The Government feel it is important to have a Foreign Office Minister present for that anniversary event. I am pleased to attend what will be an important and sombre occasion. I am also looking forward to taking the opportunity to get to know better the islanders and their home.

Mr Gray: The House will welcome the fact that the Minister intends to visit the Falkland Islands in June, which is an important symbol of our support. While he is there, will he take the opportunity to nip down to South Georgia and have a look at the excellent work done by the South Georgia Preservation Trust to eradicate rats?

Mr Browne: I am grateful to my hon. Friend for that suggestion. My programme has yet to be finalised, apart from the anniversary date, when I will participate in the commemorations. I am in the Falkland Islands for a number of days, so I will be taking the opportunity to gain a wider understanding of a range of issues that affect the Falkland Islands and possibly other islands in the area. I had in mind more clear-cut economic and social issues, but I am open to any suggestions that my hon. Friend wishes to send to my office.

Ian Murray (Edinburgh South) (Lab): I thank the Minister for giving way, and I apologise for not being present at the start of the debate. May I second the invitation to South Georgia offered by the hon. Member for North Wiltshire (Mr Gray) It makes a lovely canoeing trip: perhaps he could take the journey from the Falklands to South Georgia by canoe and see what the way of life is like.

On a more serious point, the Minister has gone through the relationships developed through the Foreign Secretary going to Brazil and through representatives here in the UK. However, will he put on record the contribution that the Falkland Islands representative in Britain, Sukey Cameron, makes to the agenda, and the work that she does through her office to ensure that the Falkland Islands stays at the top of the political agenda in the UK, and to ensure that trips, such as the one the Minister is to make in June, are well-organised and well-informed?

Mr Browne: I am happy to pay tribute to Ms Cameron in the way that the hon. Gentleman asks. I meet her frequently, and she is a great champion of the Falkland Islands and islanders and makes an extremely compelling case for their interests. I also pay tribute to the hon. Member for Edinburgh South (Ian Murray), who visited the Falkland Islands last year and brings extra knowledge to the debate as a result.

It is understandable that this anniversary year will see much focus on the past. It is right, of course, that we remember and give thanks for the sacrifice of those who fought and died in defence of the islands. Their sacrifice secured the islanders' future. Now, in 2012, that future looks brighter than ever for the people of the Falkland Islands. The economy of the Falklands is on a secure footing and the islanders will continue to build new enterprises and to explore new markets. Tourism is on the increase—around 65,000 cruise-ship passengers visited the islands last year—and the figure is set to increase in future years.

Oil exploration is continuing apace. Let me be clear, as the issue arose during our deliberations, that the resources around the Falkland Islands belong to the islanders. It is absolutely right that they should develop that aspect of their economy and they enjoy our full support in doing so in the future. It is not for us in Westminster to set out what the future holds for the Falkland Islands. That is the preserve of their people. They have that right to self-determination about which we have spoken at length in this debate. Only they can decide how to respond to the opportunities and challenges of the years ahead. The British Government are determined to ensure that they have the right to self-determination but they make their own choices about how to order their affairs. That is quite right and proper.

While is it for the islanders to determine their own future, it is for the UK to enable them to do so in a secure environment and without pressure or interference from others. That is why, apart from a range of wider considerations across Latin America to do with trade, politics and working together on matters such as climate change or cultural exchanges, we are very keen to ensure that the position of the Falkland Islands is understood in Latin America and further afield.

I also pay tribute to the members of the Legislative Assembly, who have been extremely effective in their meetings with other countries at explaining their position, in a way that many countries find compelling when they hear it directly from representatives of the Falkland Islands rather than just the British Government. I know those efforts are intensifying, and I welcome them.

The Falkland Islands will face many challenges in the future, ranging from the economic to the environmental. It is a remote part of the world and has a small population, which can present difficulties. However, one thing will not change: the UK will always be forthright in support of the islanders' wishes and relentless in upholding their rights.

I finish by drawing attention to what the Foreign Secretary said recently on the matter. It will leave the House completely clear about the Government's intentions and reassure hon. Members who have spoken before me:

> "The future of the Falkland Islands is about people...Thirty years after the Argentine invasion, their right to self-determination remains, and will always remain, the cornerstone of our policy."

Thank you, Mr Crausby, for chairing the debate so effectively, and thank you to all hon. Members who contributed to discussing this important issue in the 30th anniversary year of the Falklands war.

Policing (North Wales)

11 am

Susan Elan Jones (Clwyd South) (Lab): It is a great pleasure to serve under your chairmanship for the first time, Mr Crausby, and to see so many colleagues from north Wales here to debate this important issue.

It is not often that I can begin such a debate by saying that we can learn something from the Welsh Conservatives, but today I am privileged to be able to do so. The Welsh Conservatives have cancelled their Llandudno conference this year, apparently because of security costs. I am not sure whether they think extra security is needed to hold back the crowds or to ensure that none of their politicians get out to hear what local people think. Wherever they plan to skulk off to instead, I hope they face the full weight of the law for non-payment of the £20,000 that the Imperial hotel is likely to lose because of their bad business practice in cancelling so late. Leaving aside their cowboy capitalism—I see that the hon. Member for Aberconwy (Guto Bebb) does not wish to intervene—the Conservatives' decision has betrayed a fact they have been trying to deny since the general election, which is that good security costs money, and without enough funding, security will suffer.

That principle brings me to today's debate, ahead of next week's vote on more cuts to the North Wales police force. The first duty of any Government is to protect their citizens, or to put in place the brave men and women who do that for us. We all rely on our police forces to keep us safe, and we in north Wales are extremely lucky to have an excellent force, which provides a top-class, professional service to our communities. Our police force, however, is being let down, and law and order—cyfraith a threfn—is being woefully let down in the process.

Her Majesty's inspectorate of constabulary was asked to advise the Government on possible efficiency savings in the police force, and said that

"cost cutting and improvements in productivity could, if relentlessly pursued, generate a saving of 12% in central government funding without affecting police availability—but only if there was a fundamental 're-design' of the system".

Despite that advice, the Government are pursuing a 20% cut in police funding, stripping the police of 8% more of their funding than the experts said could be removed safely.

Guto Bebb (Aberconwy) (Con): I am grateful to the hon. Lady for giving way, and I congratulate her on securing this debate. Is it not the case that the Labour Welsh Government are cutting funding to police forces by 6.3%, compared with 6.9% from central Government? Would she defend that difference?

Susan Elan Jones: I am grateful for the hon. Gentleman's crib sheet comment, but I remind him that the Welsh Government, who are dealing with a very difficult situation from the UK Government, are increasing the number of police community support officers by 500. I urge him to reflect on that. I also note his non-comment on his party's lack of funding in his own constituency, Aberconwy, thanks to the cancellation of its Llandudno conference.

Despite HMIC's advice, the Government are pursuing a 20% cut in police funding. On the ground, that means that since the last general election, North Wales police has lost 85 police officers, or more than 5% of its whole force. By 2015, it is forecast that more than 360 staff could go—179 officers and 186 civilian staff. After years of steadily rising numbers of police officers, so many are now being cut that already we have fewer officers in north Wales than we did a decade ago. Meanwhile, the population of north Wales has increased by over 12,000.

Mark Tami (Alyn and Deeside) (Lab): My hon. Friend makes a very powerful case, which exposes the Government's ludicrous argument that somehow they can cut some mythical back room—and even the middle room, whatever that is—without affecting front-line services. In north Wales, front-line police officers are being cut.

Susan Elan Jones: I agree wholeheartedly with my hon. Friend, and I will go on later to mention some aspects of policing, such as forensics, that are covered by the description of back-room policing.

Ministers say repeatedly that police chiefs are the only ones responsible for cutting back on numbers. Despite the inspectorate's advice, they say:

"By the end of the spending review period, the police will still have the resources to do their important work."—[*Official Report, House of Lords,* 6 September 2011; Vol. 730, c. WA28.]

In fact, no fewer than nine times in the past six months, Ministers have given the same answer to various questions in Parliament about falling police numbers. The mantra goes a bit like this:

"we have set a challenging but manageable funding settlement for the police service. It is for the chief constable and the police authority in each force to determine the number of police officers that are deployed given the available resources."—[*Official Report,* 7 November 2011; Vol. 535, c. 16.]

Perhaps we will hear that again from the Minister today, to round it off to a nice, even and decimal 10.

Ian Lucas (Wrexham) (Lab): In my constituency, the practical effect of the Government's policy in terms of reduction is that dedicated community police officers, who have been hugely effective and successful in policing local areas, have been taken away from particular geographical areas, which is causing great concern among councillors and having a huge impact on the ground. Will my hon. Friend urge the Government to look again at the impact, not in the back room but on the streets?

Susan Elan Jones: I agree totally with my hon. Friend and share his concern about the impact in Wrexham county borough.

If the Government know how police chiefs can keep all their people and premises on 20% less money, with a rising population and fewer back-office resources, I hope that the Minister will tell us. North Wales police knows its own organisation's needs better than anyone, and it has made it clear that it cannot keep all its officers under the budget cut. Our excellent chief constable Mark Polin made his position perfectly clear, saying:

"If I am going to keep the organisation in balance, we are going to have to lose a significant number of staff…I have no wish to reduce any of our staff, but I have got to. I have no choice whatsoever".

[Susan Elan Jones]

No choice whatsoever—Ministers know that that is true. Now is the time for them to stop passing the buck and take responsibility for the chaos that they have created.

North Wales' policing needs will be hit particularly hard because of the rural nature of our area and the loss, on top of the 20% budget cut, of the payment that used to be awarded to help cope with that. One hidden change brought in alongside the headline cuts to budgets is the merging of the rural police grant into the core settlement. It is effectively being abolished for police forces such as North Wales, which used to benefit from it directly.

Our rural communities have specific policing needs, and the rural grant was introduced by the Labour Government to address them. A sparse and scattered population cannot be policed in the same way as an urban centre. Police have to cover huge distances, incurring extra costs in fuel or infrastructure such as buildings that urban police forces need not budget for. That is why the Home Office's police allocation formula working group considered and rejected the recommendation that the rural grant should be rolled in with other categories of grant and effectively lost. Again, however, that expert opinion was ignored, and north Wales will have to do without.

Why does it matter? Let me give an example. Last year, part of my constituency suffered some worrying arson-related attacks on cars. That kind of crime requires exactly the same kinds of police resources in a rural village as it would if it happened in an inner-city area, but rural police are spread more thinly and need to travel further to reach the trouble when it happens. No amount of so-called efficiency savings can mitigate the geography, unless Ministers would like all of my constituents and others in north Wales to relocate together to one place in order to make things easier. The Countryside Alliance rightly makes the point that the proposed levels of police cuts would be "a free-for-all" for those who would commit crime in the countryside.

I am delighted to see the Labour-led Welsh Government fund an additional 500 community support officers across Wales, but the loss of the rural police grant is a double whammy for us. The official figures show that vehicle crime is up in north Wales by 84% over the past year—from about 130 incidents in November 2010 to 250 in November 2011. Burglary and other crimes, including theft, shoplifting, criminal damage and public disorder have also increased during that time frame.

Dr William McCrea (South Antrim) (DUP): I am sure that the hon. Lady will acknowledge that crime is a reality in every part of the United Kingdom. She mentions statistics regarding increases of burglaries and robberies in Wales, and sex crime is also an issue. Does she agree that we as Members of Parliament need to remember that behind every one of these crimes are horrifying stories of lives that have been blighted—many of them changed, never to be the same again—and that it is therefore necessary to have the police available to stop crime?

Susan Elan Jones: I agree wholeheartedly with the hon. Gentleman that behind each statistic there is often a human tragedy. I am grateful to him for raising that point.

Ian Lucas: My hon. Friend is being very generous in giving way. Throughout the '90s and the past 10 years, there was a consensus among all the political parties on the need to confront crime by increasing the number of officers. Is it not a profound shame that that consensus has been broken, and that the impact that that will have on individual people's lives is being ignored by this Government?

Susan Elan Jones: That is correct, and it is especially true of our scattered rural communities.

Mark Tami: Will my hon. Friend give way?

Susan Elan Jones: In a moment—I must make progress. The offences that I have listed are exactly the kinds that tend to increase when police numbers fall. HMIC published research last summer that acknowledged that lots of factors affect crime rates, but it also stated that

"there is relatively strong evidence for the potential of an effect of police numbers on crime, particularly with regard to property and other acquisitive forms of offending."

It also noted:

"Research suggests that frontline officer numbers are one factor in a force's ability to fight crime."

In north Wales, official statistics obtained by my hon. Friend the Member for Vale of Clwyd (Chris Ruane) show that since 2001, crime broadly decreased as officer numbers rose. It is good common sense—more police officers can fight more crime—but, sadly, the Government parties seem determined to ignore the links. Their line is to quote one sentence from last year's Home Affairs Committee report. I suspect that the Minister may wish to do that today, so I will save him the task. It says that

"there is no simple relationship between numbers of police officers and levels of crime",

but that line has been carefully cherry-picked. The rest of the report is full of evidence to the contrary. In the same paragraph as the quotation that the Government like, the Committee offers a clarification:

"However, the loss of posts will have an impact on the range of services that the police provide and the way in which they are provided."

The report also notes the evidence of Mr McKeever, the chairman of the Police Federation, who said in his evidence that

"there is a clear trend in the relationship between police officer numbers and crime."

The report also references Councillor Burns-Williamson, deputy chair of the Association of Police Authorities, who told the inquiry:

"My guess is that, given the cuts over the four-year period...probably crime levels will start to rise."

Elsewhere, even the Conservative Mayor of London agrees that "numbers matter".

Guto Bebb: I am grateful to the hon. Lady for giving way again. On the basis of her argument, I take it that she is against any cuts whatsoever to the police budget, but is that not contrary to the shadow Chancellor's comments over the past two weeks?

Susan Elan Jones: I am pleased that the hon. Gentleman has raised that subject—something told me it would appear. The position is clear. Before the last election, the Labour Government made it plain that, in common with the police, they would agree to 12% cuts in order to reduce back-office costs. I think that the hon. Gentleman is referring to what a future Labour Government may have to do with the so-called deficit plans of this Government, which appear to mean total cuts but very little growth. It would be dishonest of me to offer a prediction in such circumstances, but let me be clear: if there was a Labour Government in office now, we would be sticking to 12%. The hon. Gentleman is incorrect in what he says from his central office crib sheet.

Chris Ruane (Vale of Clwyd) (Lab): Those calculations of 12% were given at a time when the economy was improving—GDP was going up, unemployment was going down and confidence was going up. At that point, things were on the mend. Since this Government have been in power, they have added an extra £158 billion to the bill. We have to recognise that.

Susan Elan Jones: That is absolutely correct. There is no question about what the previous Labour Government did, or about what a Labour Government would do if they were in power now.

The Government speak about back-office costs, but they seem to forget that forensics, family liaison and call-handlers, among others, fall within that definition. Surely no one in the 21st century can define front-line policing as a few Dixon of Dock Greens plodding amiably around the patch. In fact, it seems that everyone, except for the Ministers in charge of the policy, agrees that there is some link between the number of officers available and crime levels. In other words, fewer police officers will find it more difficult to police crime.

If crime increases in the coming months and years, I am sure that it will be blamed on snow, an extra bank holiday, the eurozone or, for all we know, on Britain not quite making it in the Eurovision song contest. The victims of crime, however, will ask why the Government did not listen when the experts told them that a 20% cut was too much. We need to act now to stop that happening.

The only officers whom the Minister seems to think are important are the ones who do not yet exist—the elected police commissioners. There is not one shred of evidence that imposing these outside managers on police forces will cut crime by one iota. The policy is a gimmick, pure and simple. It is totally unfounded on fact or previous best practice. It is not surprising, therefore, that the Police Authorities of Wales has recommended that the establishment of police commissioners—or, in their words, the "bureaucratic web" and a

"poor model of police governance"—

should be deferred. The Government, however, continue to press forward regardless.

The plan will not come free. Incredibly, even though North Wales police, like other police forces, is losing police officers because it has not been given enough funds to pay for them, the Government have still found £100 million—the cost of 600 full-time officers—to pay for these new positions. They argue that the plan will connect the public to the police service, but the idea that the public see more elected officials—bureaucrats by any other name—as the answer to crime, rather than more policemen and women, is totally absurd.

The creation of the new commissioner posts will bring politics into policing like never before, providing yet another difficulty and distraction for chief constables trying to do their jobs to protect law-abiding citizens in the midst of a funding crisis. Operational independence will be threatened as electioneering takes the place of long-term planning. Collaboration between forces could be threatened as commissioners from different political parties prefer to compete with each other, with an eye on the next election. That is not the way to run a police force. I imagine that most of our political parties will field candidates for the positions and that some of the victors will do the best job they can if they are elected, but that is not the point. The point is that the policy itself is a total shambles.

Next week, Parliament will be asked to vote on the police grant report, which will seek to cut a further 7% from North Wales police's budget—£3.4 million. I see that the Minister appears to be working his electronic device. Perhaps he could throw this calculation in: £3.4 million. North Wales cannot afford these cuts. If we want to support our police and our communities, we must stand up against the reckless cuts that the Government are trying to push through. It would be totally irresponsible to go ahead when officer numbers have already had to fall and when communities are losing their police stations. Instead, our officers should get the backing they deserve and the funding they need to stay in their jobs and do them without interference.

I hope that the Minister will be able to tell us why he thinks he knows better than Her Majesty's inspectorate of constabulary, better than the Association of Police Authorities and better than the Police Federation of England and Wales. I hope that he will tell us what he thinks North Wales police should do differently to avoid losing officers, how they can make our large rural areas more efficient to police and what possible reason Members have for voting through a further 7% budget cut next week. However, I hope even more that Ministers will listen to the evidence and hear how it affects north Wales and other parts of the UK, and that they will have the courage to think again.

11.20 am

Tom Brake (Carshalton and Wallington) (LD): It is a pleasure to serve under your chairmanship, Mr Crausby. I congratulate the hon. Member for Clwyd South (Susan Elan Jones) on securing the debate.

I am still hoping that the debate will be an opportunity not for a display of new Labour, but for a display of new realism. Perhaps the hon. Lady might like to explain why the Welsh Assembly has cut police funding. I understand that the Labour party supports the budget reductions because its economic credibility depends on it and it cannot guarantee to reverse any of the funding cuts that the Government are going to make. Yet, at the same time, Labour opposes every step that the coalition Government take.

In fact, we have heard in the debate today that one of the cuts Labour Members think they can support is a 12% reduction in the police budget. If that is the case, perhaps the hon. Lady or the official spokesman for the Opposition, the right hon. Member for Delyn (Mr Hanson) when he responds, would like to tell hon. Members exactly how many officers that will equate to, because

[Tom Brake]

the hon. Lady is in cloud cuckoo land if she thinks that a 12% cut does not relate to a reduction in staffing numbers.

Ian Lucas: Just to clarify the position for the right hon. Gentleman, the budget for the Welsh Assembly is provided by the UK Government, who cut the budget. The Welsh Assembly has less money because the UK Government cut the funding. That is why there are cuts taking place in the Welsh Assembly.

Tom Brake: I understand the very simple economics to which the hon. Gentleman has referred, but, of course, the Welsh Assembly has the ability to take decisions and make its own priorities. Clearly, it has chosen not to make policing a priority.

Susan Elan Jones: I hope that the right hon. Gentleman is rather better versed in matters in Carshalton than he is in those in Wales. As my hon. Friend the Member for Wrexham (Ian Lucas) has made clear, the reason for that situation is a reduction in funding from Westminster. I also made it clear that, partly to mitigate what has happened, the Welsh Assembly Government have increased the number of PCSOs by 500. The right hon. Gentleman speaks of wishing for a new realism and a lack of partisanship but, quite honestly, I find his comments totally partisan, totally unhelpful and showing a total lack of knowledge of the people of north Wales.

Tom Brake: I thank the hon. Lady for her intervention. I think she will have to accept that, in fact, this will be a rather partisan debate. When she opened the debate, she set the tone.

Chris Ruane: On that partisan point, will the right hon. Gentleman tell us what happened to the 3,000 extra police officers that his party promised before the last election during the middle of the economic crisis?

Tom Brake: I am very happy to respond to that; indeed, I have responded to similar points in a number of debates since the new Government were elected. The financial circumstances do not allow such pledges to be funded. It is as simple as that. What this discussion has revealed is that we need to have an important debate—perhaps if we set aside partisanship, we could have that debate—about using police officers effectively. For example, if we recruit more police officers and put them in a call centre, it might add to police officer numbers, but it does not necessarily equate to a more effective police force.

Susan Elan Jones: Will the right hon. Gentleman give way?

Tom Brake: If the hon. Lady will forgive me, I need to make a little progress, having taken four or five interventions already.

I hope that this morning's debate will not be totally partisan. Clearly, there are some very challenging circumstances for the police in north Wales. I understand that, prior to the election, they had lost 85 officers and that, under the previous Government, there were some issues that needed to be addressed. There has since been a further reduction in officer numbers. As the hon. Lady said, I acknowledge that, for rural forces, there are clearly bigger challenges than for forces in urban areas, where, for instance, it is easier to call on support from neighbouring forces because the distances are smaller. I acknowledge those points.

In those circumstances, it was right that the chief constable, Mark Polin, undertook the reorganisation proposals that he has instigated in terms of setting up the hubs, reducing senior management numbers and merging three divisions into one. It is perfectly appropriate that, having undertaken that reorganisation, the matter should be looked at again to see what the impact has been. We need to consider whether such an approach has been effective and whether it has perhaps had unintended consequences that the chief constable may be able to address.

In the past, the chief constable has criticised partnerships, so I hope that he will not go down the line of saying that partnerships get in the way of the police working effectively. Certainly, my experience is that partnerships—particularly those with the local authority, the voluntary sector and other partners—are an effective way of reducing crime in an area, not a hindrance. I do not consider officers who are allocated to a partnership role as being officers who are badly allocated in that respect.

Another point that the chief constable's review may touch on is the issue of overtime payments because, clearly, there has been an increase in north Wales. I accept that there will be circumstances in which overtime payments allow officers to be specially tasked for a particular initiative. However, at the same time, there needs to be a balance between an acceptable reliance on overtime and police officer numbers.

Susan Elan Jones *rose—*

Tom Brake: I see that the hon. Lady is on the edge of her chair. Perhaps she wants to intervene on me at this point.

Susan Elan Jones: Can the right hon. Gentleman tell us his experience of living in north Wales?

Tom Brake: I thank the hon. Lady for that intervention. I have no experience of living in north Wales. I am not purporting to have the very local knowledge that she and other Welsh Members here have. Clearly, that is not the case. If she takes part in a debate about London policing matters in the future, I may throw that comment back at her to see what her experience has been and whether she has lived in London, as I have for the past 30 years. She may be able to comment in some detail on that matter.

I want to move on to what might in the longer term present a solution to these problems. I—and I think many hon. Members present—would like the Welsh Assembly to take on greater responsibility for policing and justice issues. I see that some Members are not in agreement with me, but others may well be. In the longer term, if Wales wants to have total control of its policing and therefore have responsibility for deciding what the appropriate level of policing is and what percentage of its budget should be allocated to policing issues, that is an ambition I support.

Clearly, I accept that there would be enormous challenges to achieving that and that we would have to try to unpick the funding arrangements that apply to policing.

I, and many hon. Members here, know that that is extremely controversial. Depending on which part of the country someone comes from, the funding arrangements either work for or against them. Clearly, that issue would require long and detailed negotiations. However, in the longer term, I cannot see any other solution to providing the policing that Wales feels is acceptable for Wales. As long as the UK Government—in whatever shape or form—continue to provide funding for policing, we will always have rather sterile debates about central Government not allocating enough money, and the Welsh Assembly not being able to deploy the resources that it would like to deploy.

On that final point, which I hope will provide a longer term solution to these funding issues, I conclude my remarks. As I said, I hope that this debate will not be entirely partisan. I had 13 years' experience in opposition and I always felt that it was clearly my role to attack the previous Government, which I did, hopefully with some vigour. At the same time, I always felt that as an Opposition Member it was incumbent on me to reflect the reality of the circumstances, and deploy some solutions for the Government to consider.

11.30 am

Mr Elfyn Llwyd (Dwyfor Meirionnydd) (PC): I congratulate the hon. Member for Clwyd South (Susan Elan Jones) on securing time for this important debate.

I know a thing or two about north Wales, as we all do in the Chamber, unlike the previous speaker, the right hon. Member for Carshalton and Wallington (Tom Brake). I begin by quoting that esteemed organ of truth, the *Daily Post*:

"Overtime spending by North Wales Police rocketed to £3.6m in 2011. The news comes as the force struggles to keep as many front-line positions as possible intact while facing the need to make major budget cuts under the national public spending squeeze."

It then refers to overtime payment soaring—

"from £3,591 in 2010 to £5,314"—

in one month. It goes on:

"A Freedom of Information request revealed that the force had increased its spending from £2.7m in 2010 to £3.6m in 2011"

on overtime. Perhaps that is an inevitable consequence of having too few officers on the ground. I can understand that fully. I am a huge supporter of the North Wales police. Close members of my family have been police officers and I am not here to detract from the work that they do, which is often dangerous and thankless. Without them, heaven knows where we would be.

Nine months ago, the chief constable of North Wales police announced that there would be a radical shake-up of policing in north Wales. There would be a given number of hubs—nine in all—from which rapid response vehicles and personnel would be dispatched when the need arose. The chief constable vowed that emergency calls to serious crime would not be compromised after the changes, but he warned that it was inevitable that police reaction to some low-level crime would be affected, as they coped with losing 121 uniformed officers and at least the same number of civilian staff. On the nine response hubs, he said:

"These will not improve response times but will keep them the same."

That is not even an assurance that there would be an improvement in response times; there would merely be an effort to keep them the same. The hubs may be perfectly acceptable in areas where travelling is reasonably easy. I am sure that those areas bordering the A55 think it is a useful idea, given that a vehicle exhibiting blue lights can travel a long distance on that road in a relatively short time.

Mark Tami: Does the right hon. Gentleman accept that Deeside, which is one of the most densely populated areas in north Wales, does not have a hub at all?

Mr Llwyd: That surprises me greatly.

Chris Ruane: Or Rhyl.

Mr Llwyd: The hon. Gentleman refers to Rhyl. That also surprises me. There has been a fairly high crime rate there for some years. Of course, we understand that this policy will be reviewed in the coming weeks. I hope sincerely that those who will be making the decisions will have some regard to what is being argued here today. I support fully what the hon. Member for Alyn and Deeside (Mark Tami) said.

Albert Owen (Ynys Môn) (Lab): The right hon. Gentleman has a deep knowledge of north-west Wales and, indeed, Anglesey. The creation of hubs has actually led to the closure of local police stations, so policing is not even coming nearer to the people; it is moving away from local communities. Does he agree that that is an issue?

Mr Llwyd: I agree fully. My late father was a station officer once on Anglesey, in the hon. Gentleman's constituency. Clearly, things have changed and the nature of policing has changed, but he is right. There is now a shake-up that has the potential to be very damaging, particularly in rural areas, as the hon. Member for Clwyd South pointed out. Further west, in my constituency of Dwyfor Meirionnydd, this policy does not make a great deal of sense, and there have been complaints about it in the past few months. For example, Pwllheli town council has written to the chief constable about its concerns, and I support fully its contentions. Furthermore, members of Tywyn town council have likewise had cause to complain, and I understand fully their reason for doing so as well.

Glyn Davies (Montgomeryshire) (Con): Will the right hon. Gentleman give way?

Mr Llwyd: This will be the last intervention, because other hon. Members wish to speak.

Glyn Davies: I thank the right hon. Gentleman for allowing me to intervene. I congratulate him on making a very thoughtful speech about the management of North Wales police, an issue that is hugely important to us all. He is clearly unhappy with the arrangements that have been proposed for north Wales. Does he agree that this is exactly the sort of issue that will feature in the campaign for the election of a police commissioner? The public will then have the chance to express their view in the campaign.

Mr Llwyd: Indeed, but if there is no money in the kitty, it is a waste of time discussing it. The budget cuts are the problem—the core problem is that we are all meant to do much more with less. If there is no money to pay for it, it does not make any sense, however clever any candidate might be, but I take the hon. Gentleman's point.

I referred to Tywyn, which is a town of approximately 2,500 inhabitants. There is now one community officer stationed there. The nearest hub would be Dolgellau, which is some 18 to 19 rather tortuous miles away. I wonder what the result would be if there were a major disturbance in the town, leaving only one officer to deal with it for at least 20 to 30 minutes before back-up arrived—it does not bear thinking about. It is no wonder that the Police Federation in north Wales is gravely concerned about the situation. It is unfair on individual police officers who face a difficult and dangerous job at the best of times, but it is equally unfair on the citizens of Tywyn and Meirionnydd, who pay the same level of taxes as everybody else and can therefore reasonably expect the same level of service.

The same is true of Pwllheli, where there are approximately 2,760 inhabitants. The nearest hub is Porthmadog. Again, it is a difficult drive to get there quickly, but the situation in Dwyfor is possibly even worse when we consider that the hub is meant to service Aberdaron at the tip of the Llyn peninsula. With the best will in the world, I do not know how any rapid response vehicle is possibly expected to reach Aberdaron from Porthmadog in less than 40 minutes. The situation is therefore critical, and we are almost waiting for something drastic to happen before the plan is scrapped. I will also mention the town of Blaenau Ffestiniog, which has again been denuded of police officers. Again, a town of 3,600 inhabitants is to be served by the hub in Porthmadog.

This looks like an exercise that has been dreamt up in an office, rather than by anyone who knows the geography of north-west Wales generally, and of Dwyfor Meirionnydd in particular. I am pleased to be able to use this debate to voice deeply held worries and concerns on behalf of my constituents. I understand that the scheme was put in place for a trial period and is now due for review. I urge the chief constable and the police authority to reconsider it urgently in light of the fact that, to my knowledge, on some weekends, the old county of Meirionnydd may have as few as three police officers on duty in the winter months. In the summer months, the population rises eight to tenfold. This is unacceptable and dangerous during the winter. It is dangerous during the summer—I would say scandalous. The authority must go back to the drawing board and reconsider the plans.

11.38 am

Guto Bebb (Aberconwy) (Con): It is a pleasure to serve under your chairmanship, Mr Crausby.

This has been an interesting debate, but it did start out in an extremely partisan manner. Indeed, many hoteliers in Llandudno in my constituency would be amazed at the glee with which their loss of business is seen by Labour Opposition Members. To return to the issue that we are debating today, we need to consider the comments made by the right hon. Member for Dwyfor Meirionnydd (Mr Llwyd). The new plans have had teething problems. They are clearly not working in his constituency, and I accept his comments. But it must be stated that the chief constable's decision to change the way that the service operated in north Wales has been positive in some parts. In my constituency—I have visited the police station in Llandudno and Llanrwst, for example—the response to the changes has been positive, with the view of the officers being that they are spending less time on paperwork and getting more support across north Wales. That is important, because previously north Wales was, for some bizarre reason, split into three almost independent sections—east, central and west—and little or no support passed between them.

The changes have ensured that the police are able to serve north Wales as an entity. From my position, representing Aberconwy in the centre region, there has been an improvement, with support officers coming from Corwen, for example, to support officers from Llanrwst. We should welcome that effort to ensure that we make best use of the resources. I pay tribute to the chief constable, who is doing a difficult task in trying to deal with cuts to the budget, which are not being denied by Labour Members. We have heard the shadow Chancellor comment that he cannot guarantee a reversal of any cuts. Yet in a debate such as this we get opportunistic chants from Opposition Members claiming that things would be significantly different if they were in power.

It is important that we consider the way that police numbers grew in north Wales during Labour's time in office. It is true that the number of police numbers in north Wales increased by 13% between 1997 and 2000—I pay tribute to the Labour Government for increasing police numbers—but in the same period the number of civilian officers working for north Wales police increased by 84%, so it is debatable whether resources were put on to the front line.

Chris Ruane: Does the hon. Gentleman think that the increase in resources is a prime reason why north Wales was one of the safest places to live in the whole UK?

Guto Bebb: It is interesting that the hon. Gentleman says that the increase in resources is necessarily the reason why North Wales police have performed well. The hon. Member for Clwyd South (Susan Elan Jones) said that higher police numbers equated to falling crime. It is tempting to say that that must be so, but during Labour's time in office there was a significant period when the number of police officers in north Wales increased but crime increased and a period when the number of police officers declined and crime declined.

There is a perception that more officers working will have an impact on crime levels, but statistics from the Labour party's period in office do not necessarily support that view. My view is that the use made of those officers is just as important as the number of officers. Similarly, getting rid of waste and double practices, such as having three areas in north Wales that did not work together, is just as important as the numbers.

The number of police officers in north Wales has been reduced by 108, according to statistics that I have seen from North Wales police, but the chief constable has also said that it is looking to recruit an extra 72 officers in the next financial year. There is a tendency

for the Opposition to portray everything as bad and fragile, when in the year to September 2011 there was a 1% decline in the total number of crimes committed in north Wales.

It is dispiriting for officers in north Wales, who are working hard to try to deal with these issues, to be told that the police service in north Wales is failing, when we have seen a decline in police numbers.

Mark Tami: The hon. Gentleman mentions the morale of front-line officers, but what does he think of the constant attack by the Government on those working in the back office, as if they do no work whatsoever and can be dispensed with just like that?

Guto Bebb: Again, I am surprised by that comment, because throughout this debate I have heard Opposition Members saying that we must put the resources on the front line. There is a choice to be made. If the number of officers increased by 13% in the Labour years, is there a justification for an increase of 84% in non-police officer staff at that point? That question should be asked. This is not an attack, in any way, shape or form, on any individuals working within the system, but we need to ask whether an 84% increase in those numbers was justified, when the number of front-line police officers increased by only 13%.

Albert Owen: The hon. Gentleman is using selective statistics. In addition to the police officers going, the number of police community support officers was increased. People wanted policing in the community. As a consequence of investing in those PCSOs in the communities, crime came down in local communities across north Wales.

Guto Bebb: I accept that comment. But if we include PCSOs and special constables in the totals, North Wales police are better served now than they were during the period the Labour party were in government.

It is important that we discuss the context of this debate, which is that we are facing a severe financial crisis. This Government are willing to get to grips with that issue. The chief constable in north Wales is willing to challenge the way that things worked in the past and to take difficult decisions to try to ensure that the allocated funding goes further.

It is important to mention the unacceptable degree of hypocrisy from Opposition Members on funding. They say that a 6.9% cut from Westminster is unacceptable in this financial year, but that a cut of 6.3% from the Welsh Assembly can be defended on the basis that the Assembly's funding has also been reduced. This is the crux of the issue. Choices and priorities have to be made by the Government. We see in the Opposition, and in the performance of the Welsh Assembly, a complete and utter abdication of responsibility and willingness to take hard, difficult decisions.

When I get a full explanation from the shadow Chancellor about why and how he can save the North Wales police service, although he will not reverse a single cut that we have made, I will take the arguments of Opposition Members more seriously.

11.46 am

Albert Owen (Ynys Môn) (Lab): It is pleasure to serve under your chairmanship, Mr Crausby.

Two hon. Members have mentioned the Conservative party's cancellation of the Llandudno conference on security grounds and that, somehow, Labour Members are gleeful about that. I spent Saturday with my mother-in-law in Llandudno, helping the local economy and the local hotels and hostelries. I put my money where my mouth is, in many ways.

I am proud of Labour's record on policing over the past 13 years. It can be said—hon. Members will know—that I have not always been on message and did not always agree with what the previous Government said, but on law and order they did what the people wanted. Every constituency Member of Parliament was asked about reducing crime and improving resources for policing in their area, and the Labour Government delivered. Those extra resources were funded in the communities. For the first time, we saw police support officers on the beat, making a difference in many areas, including prevention, detection and processing crimes. The whole police family was strengthened and one complemented the other.

I am disappointed that the hon. Member for Aberconwy (Guto Bebb) tried to pick off civilians versus front-line police officers, because the police family was delivering for communities. The back-room people have an important role to play in processing crimes to ensure that we get criminals into the courts. They are not semi-detached from front-line policing; they complement it.

My hon. Friend the Member for Vale of Clwyd (Chris Ruane), who is not in his seat at the moment, said rightly that under the previous Government—I am proud of this—north-west Wales had the highest detection rates not only in Wales but in the United Kingdom. A large rural area is difficult to police—the right hon. Member for Dwyfor Meirionnydd (Mr Llwyd) and the hon. Member for Aberconwy know the area that I am talking about—but the police overcame those difficulties and, in a rural area, reduced crime faster and kept it down lower than in many parts of the UK. It was no surprise that that happened because of the increase in resources, which communities were asking for.

High and low-level crimes were increasing and the record of the previous Conservative Government—*[Interruption.]* The Liberal Democrat spokesman, the right hon. Member for Carshalton and Wallington (Tom Brake), said that he was not being partisan, but he made probably the most partisan speech this morning and said that my hon. Friend the Member for Clwyd South (Susan Elan Jones), whom I congratulate, knew nothing about London policing and that he would take exception if she intervened. She was a London councillor in the borough of Southwark for many years and was involved in the crime and disorder partnership in Peckham, so she knows a little bit more about London policing than the hon. Gentleman knows about north Wales policing. The title of this debate is "Policing in North Wales", so my hon. Friend is more than qualified to talk about that.

There would have been cuts whichever Government were in office, but they would have been far more selective had there been a Labour Government. Our manifesto commitment was to prioritise policing and to protect its funding—the right hon. Member for Carshalton and Wallington smiles at that, but he wanted an extra 3,000 police officers in his manifesto although, along with student tuition fees, that commitment was dropped

[Albert Owen]

immediately. The economic climate is difficult, and deficit reduction and bringing down debt are important, but politics is about priorities, and priorities are different between the parties. Before we went into the general election, the priorities of the Liberal Democrats were similar to those of the Labour party. The Labour party in government would have taken different decisions and, I believe, would have strengthened policing and kept the levels of crime down, though, yes, they would have had to get rid of some posts.

I want to talk about north Wales in particular. We have seen a huge reduction in central funds for policing, but I want to remind Members in the Chamber that much of the extra policing that occurred in north Wales between 2001 and 2010 was from the council tax payer. The controversial chief constable, with the police authority, put up the precept in order to have extra police on the beat. The choice of the local police authority was backed by the people, and each of the town and community councils put up their police precept to pay for what was originally known as the 10p bobby. Those extra police have been taken away by central Government, which is an important point.

Mark Tami: Does my hon. Friend also recall that it was the Conservatives and Liberal Democrats who at the time were calling for more money from central Government to fund policing?

Albert Owen: Absolutely. The Conservatives and Liberal Democrats have changed their view. Priorities have to be set, and our priority would have been to keep policing levels high.

We have seen central Government cuts, but that cut has been across the board. We paid for the extra policing, but central Government have robbed it from us. We are seeing a depletion in the police whom we, the council tax payers of north Wales, specifically paid for. We took a decision in that period that other local police authorities in Wales did not, yet the cut across the board of up to 20% will affect north Wales as much as other police authorities in Wales and England. That is grossly unfair to the taxpayers and constituents of north Wales. That important point is often overlooked.

I am pleased that the Minister for Policing and Criminal Justice is present to respond, but I would have liked to see the Under-Secretary of State for Wales, who has certain responsibilities. He was a doughty campaigner for increased funding in north Wales, including a prison for north Wales, because he wanted to see more police on the beat and more criminals in jail—in local jails—and he and I stood shoulder to shoulder to get an extra prison in Wales located in north Wales. Now, apparently, he is no longer standing up for north Wales but for the Westminster Government cuts. It is a shame that he is not in the Chamber, because I would have liked to look him in the eye and told him that myself, but I will give way to his spokesperson.

Glyn Davies: I always very much enjoy the hon. Gentleman's speeches and take great note of them. The one difficulty that I have in listening is the seemingly total blank refusal to accept that there should be a reduction in the cost of policing in north Wales. Is his party's policy that there should be no cuts in the cost of policing? What impact will that have on other budgets, bearing in mind that the shadow Chancellor has accepted that the cuts proposed by the current Government cannot be reversed because of the economic situation?

Albert Owen: I am certainly not saying that there should be no cuts. As the hon. Member for Aberconwy has said, there was without doubt a reduction in police numbers between 2008 and 2010, but that was achieved through efficiency savings. Also, the police authority in my area made it clear what it was doing, and the local people supported it because they understood it. What local people do not accept—if the hon. Member for Montgomeryshire is not aware of this, he needs to talk to people in his constituency—is the across-the-board cut to policing just because of the Government deficit reduction plan, coupling the savage cuts with police cuts. People wanted to make a choice, and that is the difficulty.

I will deal with the shadow Chancellor, because obviously the papers from the Conservative Whips keep rolling out that line. What he said was that in 2015 he will be left with higher debts and higher borrowing than we would have had in 2010, which will be a difficult situation and he will have to make difficult choices. However, I assure the hon. Member for Montgomeryshire that I will be fighting within my party to ensure that policing has a priority. I ask him and the hon. Member for Aberconwy to do the same, because rather than having this knockabout, they should stand up for policing in their local communities.

Guto Bebb: I wish to correct the hon. Gentleman, because he must have misheard my comments. I actually said that there was a reduction in police numbers between 2006 and 2008, not between 2008 and 2010—those figures are correct.

Albert Owen: Front-line police officers, yes, but the total amount including PCSOs and special constables rose. The police authority made that choice, which the people of north Wales accepted because they saw extra policing on the street. Prevention of crime and reducing the fear of crime are as important as police officers tackling criminals, and the Government have overlooked that with their "one-cap-fits-all" cuts throughout the country.

Opposition politicians are not the only ones whingeing. The Police Federation chairman has said that we are going back to the policing levels of the 1970s, with fewer than "215 officers per 100,000", which is a difficult level for the future. The reduction in the number of staff in north Wales has been by more than 200 but, even worse, it is projected to be 360 by 2015. It is no use blaming the police authority, as Ministers suggest. The chief constable of Gloucestershire, in many ways a similar area to north Wales and to north-west Wales in particular, has said that policing is on "a cliff-edge". He is not an Opposition politician, and he cites closed police stations, sold-off vehicles and the departure of senior managers and a third of the police.

What else can go in the future to make the projected cuts that are being talked about? The answer is obviously the front line. However the front, middle and back are

defined: if we do not have the resource in the first place, we cannot put it on the front line. I worry, as the right hon. Member for Dwyfor Meirionnydd pointed out, about when there are serious incidents. Since I have been a Member of Parliament, there have unfortunately been a number of murders and serious crimes in my area; I know the amount of police resources used in such circumstances, when they are taken from elsewhere. If we have a thin blue line and then take police away to serious crime or incidents for many months, communities face a difficult period. That is why it is no coincidence that robbery figures have gone up by more than 60% and burglaries by some 12%; there is a link between the number of such opportunist crimes and a time of high unemployment and social deprivation in many areas. Those crimes are worrying to the individual because of the theft and the damage to property, but also because of the damage to people. People's confidence goes, as does business confidence in towns and communities throughout the country. Those factors cannot be separated out.

Mark Tami: My hon. Friend has mentioned the increase in the burglary rate of 12%. Within that, particularly worrying is the number of first-time offenders—their first offence is burglary, whereas in the past that crime was seen as something people perhaps graduated to, so we are seeing a worrying trend.

Albert Owen: I understand that other people want to speak, so I will draw to a close. Such crimes are serious and they have gone up out of proportion to the others. I accept the figures of an overall reduction in serious crimes, but some figures are worrying, because there are now more victims of crime, who have had their property attacked, burgled and robbed, with theft and fraud going up. Many people are now feeling the effects of the reduction in policing, so one cannot just say that reported crime is down.

[Mr Edward Leigh *in the Chair*]

I shall conclude on that important point. Like many astute Members of Parliament, I go into communities and talk to people. Many people in rural communities say that it is a waste of time calling the police because by the time they arrive, the perpetrator of the crime has disappeared. People tell me that it is pointless calling the police and reporting incidents to them. That is worrying, and we should all be concerned about it. Reported crime may fall, but coupled with that there will be an increase in robberies and burglaries because of the scale of resources that have been taken away.

I urge the Minister for Policing and Criminal Justice to consider the matter seriously. Instead of imposing across-the-board cuts next week, he should consider rurality as a special case, and put the rural grant back into the policing figures. In north-west Wales we have one of the best records, and the Government are snatching that away from us because of how they are imposing the cuts across the board. I appeal to the Minister to stand up for rural areas because crime is out of kilter with the rest of the country, and areas such as mine are going from best to worst through no fault of the police on the ground, who do an excellent job. I pay tribute to them and to the chief constable in these challenging times.

12.1 pm

Chris Ruane (Vale of Clwyd) (Lab): I pay tribute to my hon. Friend the Member for Clwyd South (Susan Elan Jones) on securing this important debate on an issue that is dear to our hearts as elected politicians and to our constituents. I will not be police-bashing. The police in north Wales have done an excellent job over the years, including the former chief constable, Richard Brunstrom. Despite all the shenanigans and publicity-seeking, he put the extra funding that we provided into front-line services. Mark Polin, the new chief constable who replaced him, is also doing an excellent job.

However, things are not right in north Wales. The latest statistics show that there was a 1% drop in crime, but if one drills down and looks at the areas of crime, there has been a 12% increase in household burglaries, a 30% increase in fraud, a 10% increase in theft, and a 60% increase in robbery. Those increases are directly attributable to the cuts in the number of police officers and back-office staff. North Wales used to be the safest place to live in the United Kingdom, and if we are too complacent and do not stand up and be counted, and if we do not challenge the coalition Government, we will not be doing our job as Opposition MPs. The Opposition have been told not to be party political about the matter, but it was a political party that made the cuts. That political party stood on a manifesto of putting 3,000 extra police officers on the beat, but it cut the number by 16,000. Those political decisions were made by political parties, and Labour MPs in opposition will hold the Government to account.

Tom Brake: Will the hon. Gentleman give way?

Chris Ruane: I will not give way yet. I have a few more messages for the right hon. Gentleman. He stood up and said that he was party political for 13 years, and that he hoped he had done a good job in holding the then Government to account. We are going to be party political, and we will hold the right hon. Gentleman and his party and the other coalition party to account.

Tom Brake: I have no problem whatever with the hon. Gentleman providing scrutiny. That is the Opposition's role, but they must also provide solutions.

Chris Ruane: I will provide solutions. I will come to them. When my right hon. Friend the Member for Delyn (Mr Hanson), the shadow Minister, announced an inquiry into the future of policing, the Minister said that that was political abdication. Now is the time to have an inquiry, as we are going into a double-dip recession with massive cuts. Now is the time to analyse the issues facing a modern police force in the 21st century, but the Minister called that political abdication.

Another issue is the decline in the number of criminals caught and prosecuted. In north Wales, there was a drop of 11.5% between April and November last year. I do not believe that that is the fault of the police. North Wales is a big geographical area. It requires a lot of policing and resources, and a lot of funding.

I have given the right hon. Member for Carshalton and Wallington (Tom Brake), a bit of a roasting, and the hon. Member for Aberconwy (Guto Bebb) deserves the same. He did not stand up for his constituency when his party pulled out of holding its spring conference at

[Chris Ruane]

Llandudno, and he has not stood up for policing in north Wales. The cuts are dangerous, and are having a dangerous impact in our communities. All he can say is to ask what the Labour party did. He and his Government are in power now, and they are implementing cuts too far and too fast.

Guto Bebb: I said that it is easy to spout platitudes from the Opposition Benches. The truth of the matter is that the Labour party has not explained how it would deal with the current deficit and ensure that the cuts in north Wales would be avoided in view of the shadow Chancellor's comments that he would change any spending cuts undertaken by the Government.

Chris Ruane: The hon. Gentleman's complacency is unbelievable, as is that from his colleague, the junior Minister at the Wales Office, the Under-Secretary of State for Wales. When faced with these horrendous statistics, he said that it was most important that crime continues to fall in Wales, and that the latest figures showed that recorded crime is down 7%, which is even better than the 4% fall for England and Wales. That is complacency.

The Home Secretary did not stand up for policing during the cuts review. Other Ministers stood up for their Departments and their cuts were lowered. The chief police officers said they could cope with 12% cuts, and that was what the Labour agreed to. Our answer was to listen to what the professionals had to say, and to back them with 12% cuts. That was our answer then, and that is our answer now. The Tory and Liberal cuts are too far, too fast. There are also cuts in court costs. Denbigh magistrates court and Rhyl family court have both closed in my constituency. The prison population is at an all-time high. We are coming to a double-dip recession, and we know that crime patterns follow employment patterns.

The cuts are wrong; the pacing is wrong; the timing is wrong; and the scale is wrong. The pacing is wrong because the cuts are front-loaded. All the cuts are coming to suit the political timetable of a general election in 2015. The Government are front-loading the cuts and introducing them thick and fast to avoid the political consequences in 2015. The timing is wrong. We may be going into a double-dip recession when crime rates will rise, but the policing cuts are bigger than ever. The scale is wrong, because 12% is acceptable, but 20% is not.

Hon. Members have asked what Labour would do. When Labour left power, unemployment was coming down, confidence was going up, and growth was going up. Since then, all three have gone in the opposite direction. That has led to £158 billion of extra deficit, which is the responsibility of the coalition parties. That is what the shadow Chancellor meant when he made his comments. He cannot plan for 2015 and say that he will not cut this or that. We do not know how much more of a pig's ear the coalition Government will make. How high will the £158 billion go? Will it perhaps go to £258 billion? Our solution would not have been to have an extra £158 billion of extra deficit.

Mr Edward Leigh (in the Chair): Order. Could we please have less mumbling from hon. Members. They may try to intervene if they wish.

Chris Ruane: Hear, hear. That is excellent chairing, Mr Leigh. I agree with every word you said.

In other areas, such as youth unemployment and youth crime, the Rhyl city strategy in my constituency put 420 young people back to work in 18 months, but that was ended within three weeks of the coalition Government coming to power because of political spite. It was an effective Labour interventionist policy, and it was ended because of political spite. Since then, we have been promised a Work programme but, as I suggested to the Prime Minister last week, it is a doesn't work programme, because the number of people the Government said would go back to work will not do so. We have massive youth unemployment and massive police cuts in north Wales. We have seen what happened in the inner cities—riots—and the coalition parties should be very careful about making such cuts.

I pay tribute to the coverage of this issue by the *Daily Post*, in both its reporting and its political commentary, and I will conclude with an editorial from 8 December:

> "The blame for any fall in standards arising from these budget cuts will rest with the Government, not the chief constable."

12.10 pm

Mr David Hanson (Delyn) (Lab): I welcome you to the Chair, Mr Leigh, and I thank the previous Chair, Mr Crausby, for his chairmanship in the early part of the debate. I also pay tribute to my hon. Friend the Member for Clwyd South (Susan Elan Jones). She has raised an important issue and generated a significant debate.

Contributions from my hon. Friends the Members for Vale of Clwyd (Chris Ruane), for Ynys Môn (Albert Owen), for Alyn and Deeside (Mark Tami), and for Wrexham (Ian Lucas) have highlighted the concerns felt by their communities, and I also pay tribute to the right hon. Member for Dwyfor Meirionnydd (Mr Llwyd) for his concern about western north Wales. We have also heard interesting contributions from the hon. Members for Aberconwy (Guto Bebb) and for Montgomeryshire (Glyn Davies), and from the right hon. Member for Carshalton and Wallington (Tom Brake). He was helpfully reminded of his election pledge to support 3,000 extra officers during this Parliament, although he has since voted for cuts that over the past 18 months have led to a reduction in police numbers of some 8,000 officers.

I pay tribute to the chair and members of North Wales police authority, and to Chief Constable Mark Polin and his team. They have done a professional job over many years to ensure that north Wales is still one of the safest places in the UK in which to live. There has been great police support, good detection rates and sound community-based policing, and the engagement at levels of inspector, constable, sergeant and police community support officer has been helpful to Members of Parliament and to my constituents.

North Wales is a challenging area to police. It contains large rural areas, two languages and strong urban areas where crime is driven by urban challenges. There is also the cross-border challenge involving crime that potentially enters north Wales from parts of north-west England. There are the ports of Holyhead and Mostyn, which is in my constituency, and a range of other issues that create a complex and challenging model with which North Wales police authority must deal. I speak today

as shadow Police Minister, but also, proudly, as the Member of Parliament for Delyn, which falls within the area of North Wales police authority.

The partnership of North Wales police authority with local councils and Members of the Welsh Assembly—who, as has been mentioned, were re-elected in May last year on a pledge to support 500 police community support officers—is important, and the authority's co-operation with neighbouring forces has led to a reduction in crime over the past 10 years. At the start of the last Labour Government's term in office, there were around 65,000 crimes each year in north Wales. By the last year of the Labour Government, that had fallen to 44,919 crimes—a reduction of over 30% that meant 21,000 fewer victims per year. As has been mentioned, victims feel 100% of the crime committed against them, and to have 21,000 fewer crimes is a compliment to the efforts of North Wales police authority and the Labour Government.

That reduction in crime was due to a range of issues such as new ways of working, innovation, the previous Government's approach to community safety and attempts to make authorities work with the police, better co-operation and prevention, closer working partnerships, improvements in CCTV, an increase in DNA testing, automatic police number plate recognition to look at cars crossing the border, improvements in vehicle safety, station improvements, a whole range of criminal justice measures, and increased confidence in policing and co-operation with the communities as a whole. I contend, however—this is the central argument of the debate—that one of the biggest issues in helping to support policing and reduce crime over that period concerned the number of officers who were on the beat and visibly engaged with their communities.

In 1996, the last year of the previous Conservative Government, 1,378 officers walked the beat and worked in North Wales police authority. By the last year of the last Labour Government, 1,578 officers were in place—there were 200 additional officers in north Wales. Additionally, as has been mentioned by my hon. Friends and the right hon. Member for Dwyfor Meirionnydd, 159 PCSOs were put in place in north Wales during the last five years of the Labour Government, to help to support levels of policing and visibility on the ground. That was coupled with a rise in the number of special constables, which again helped to increase police visibility. There was a major increase in police numbers at the same time as a major reduction in crime, and 21,000 victims of crime were saved.

Guto Bebb: On a point of accuracy, is it not the case that the number of special constables in north Wales fell significantly between 1997 and 2010?

Mr Hanson: I would contend that. When I was the Minister responsible for policing, I encouraged and set a target for an increase in the number of special constables over the course of this Parliament. The hon. Gentleman cannot escape the fact that, during the last Labour Government, there were 200 more police officers and 159 PCSOs in north Wales. After the first year of this Government we have seen a worrying fall in police numbers for the first time, and we are likely to see a further fall over the next few years.

Chris Ruane: The only way to get rid of a police officer is to force them out after 30 years under regulation A19. When those police officers retire, however, they are on a pension that is two-thirds of their pay. Will my right hon. Friend say how that is a saving?

Mr Edward Leigh (in the Chair): Order. Before he replies, I will ask Mr Hanson to conclude his remarks by 12.20 pm in order to give the Minister a chance to reply.

Mr Hanson: I can assure you of that, Mr Leigh. Thirty police officers in north Wales have been forced to leave under regulation A19 because of reductions in policing in the Budget. That is worrying, but I am most concerned that between March 2010 and September 2011 we have lost 85 police officers in north Wales. I am also worried because Her Majesty's inspectorate of constabulary—these are not my figures—suggests that we will lose 207 officers during the course of this Parliament. The grant settlement for 2011-12 is £49.6 million but, if approved next week, that will drop to £46.2 million by 2012-13. Projections for North Wales police authority mean that by 2015 the grant will be £43.7 million a year—a cut of almost £6 million.

I challenge anybody to explain how we can cut £6 million from policing budgets in north Wales and make that up solely from back-office savings and other efficiencies. When in government I supported efficiency measures in procurement, overtime, improving back-office support, adopting single uniforms, IT systems and a range of other issues. However, the level of cuts that we now face, and which we will vote on next week in the House, is dramatic. The cuts will impact on police morale and, more importantly, on the ability of the police to fight crime in north Wales.

Police spending per capita over the past year in north Wales has reduced from £148 to £137. The changes now being implemented have led to consultations on police station closures—including at Mostyn, Flint, Holywell, and Mold in my constituency—due to officer numbers. Now, for the first time, crime is rising. The figures presided over by the Minister last week showed an 11% overall rise in levels of personal crime. In 2011, north Wales saw worrying increases in crime: a 60% rise in cases of robbery, a 12% rise in instances of burglary, and an 11% rise in sexual offences.

As well as cuts to the budget, there is the uncertainty caused by the elections of police commissioners on 15 November this year. We will participate in that experiment as it is the law of the land, and we will fight that election, but I still worry about the future of policing.

I believe, however, that there is another way. The Labour party agrees with HMRC's projection that a 12% cut is realistic when looking at overtime, procurement, modernisation, collaboration and back-office procedures and, as the Minister knows, we would have done that were we in government. The figures he produces for north Wales, however, show a cut in funding of £5.9 million over the next two years. That will lead to further pressures on the chief constable, further difficulties in fighting crime and, in my view, a poorer service for my constituents and people in north Wales.

The Minister needs to think again. He has an opportunity. This very day, he has announced an extra £90 million

[Mr Hanson]

for the police force in London—coincidentally, just before a London election this year. If he can do it for London, he can review the position of north Wales for next week, and I will urge my hon. Friends next week to scrutinise seriously the Minister's proposals.

12.20 pm

The Minister for Policing and Criminal Justice (Nick Herbert): I congratulate the hon. Member for Clwyd South (Susan Elan Jones) on securing the debate. She referred to the fact that she asked me a number of questions on the Floor of the House about police funding. On the most recent occasion, she referred to me as the Prime Minister. That is the only nice thing that has been said to me since I became the Police Minister. I was grateful to her for the brief compliment that she paid me, even though it was done in error. That said, I regret the way in which she chose to introduce the debate. She kicked off with a partisan attack on the Conservative party.

Chris Ruane: And the Liberals.

Nick Herbert: No, the hon. Lady kicked off with an attack on the Conservative party and she made it clear that that was to be the tenor of her speech.

I would like to deal with a few factual matters. The hon. Lady kept talking about 20% cuts. She said that there would be 20% less money; she talked about 20% budget cuts. That is, of course, the persistent implication of those on the Opposition Benches. It is correct that in the spending review there has been a 20% reduction in central Government funding, but all the Opposition Members know perfectly well that police forces are not funded just by central Government and therefore it is simply not the case that there are 20% budget cuts in the North Wales force or any other force in the country. It is important that I make that clear, because the difference is very substantial.

I wonder how many hon. Members think that there will be no precept rise in north Wales in the next three years. I ask them to intervene on me if they think that there will be no precept rises. There is no intervention. Clearly, none of the Opposition Members thinks that there will be no rises.

Chris Ruane *rose—*

Nick Herbert: Oh, I have an intervention from the hon. Gentleman.

Chris Ruane: Can the Minister answer the intervention that I made on my right hon. Friend the Member for Delyn? How is it a saving if an officer who has been employed for 30 years is forced out of his job and paid a pension that is two thirds of his pay to sit at home doing nothing? For an extra third, he could have been kept in his job.

Nick Herbert: That is a completely different point, but the hon. Gentleman should ask himself why chief constables are taking decisions about the early retirement of a minority of officers if they think that that will not save them money.

Let me return to the point that I was making, because it was important. I was asking hon. Members whether they thought that in north Wales there would be no precept rises in the next three years. No hon. Member appears to think that there will be no precept rises. Clearly, they all think that there will be precept rises. Even if there are no precept rises in the next three years, the real-terms reduction in funding is just over 15%—not 20%, but just over 15%. That is a cash reduction of 7%.

Susan Elan Jones Will the right hon. Gentleman give way?

Nick Herbert: Let me complete the point and then I will give way to the hon. Lady. Let us say that there are precept rises in line with the Office for Budget Responsibility forecast. That is entirely a matter for the police authorities, so we do not know, but if there is a precept increase along those lines in the next three years, the real-terms reduction in funding in that period will be just over 10%. Translated into cash terms, that means that the force will have 1.2% less cash at the end of that period than it does now. That is the devastating impact that hon. Members are claiming for force funding.

Susan Elan Jones: The right hon. Gentleman is right: I once made a slip of the tongue and referred to him as the Prime Minister. I think that that is probably because I confused his complacency and arrogance with that of the current incumbent. Will the Minister please answer the point that I raised and the point that Chief Constable Mark Polin raised—that people had no choice whatever in the decisions that were made? Can I bring the Minister back to some of the real questions that people have asked, rather than the Tory partisan sophistry that he is giving us today?

Nick Herbert: I withdraw my kind remarks to the hon. Lady. She dished it up and she should expect to get it back. I can assure her, if she wants a serious debate about police funding, police organisation and how police forces can rise to the challenge, that no one is more anxious to engage in that serious, measured debate than I am. Indeed, I think that it is too absent from the House of Commons. It is, however, going on in policing in the real world, because out there, people are having to deal with that challenge. She, however, chose to introduce this debate in an entirely different manner—in a partisan, often cheap manner. She started off in those terms, and I will therefore give her back what she dished up to Government Members, without apology.

I was, however, making a serious point. I was making the point that the spending reduction—

Albert Owen: Will the Minister give way?

Mark Tami: Will the Minister give way?

Nick Herbert: Hang on a minute. The spending reduction that this force confronts ranges in the field of a real-terms reduction of 10% to 15%, or a cash reduction of 1.2% to 7%.

Mark Tami *rose—*

Nick Herbert: I will give way to the hon. Gentleman of course.

Mark Tami: The Minister keeps bringing down the size of the cut that there actually is. I do not believe that he is right, but if he is, why does he think that North Wales police and, indeed, all police forces are cutting and feel that they have to cut front-line policing?

Nick Herbert: I will come to the issue of—*[Interruption.]* I will come directly to that issue. We have always said that the reductions in spending will mean that there will be a smaller work force. No one has ever disputed that. The issue is how those reductions are managed and what the impact then is on policing. I completely reject, and have consistently rejected, the binary link that hon. Members make that suggests that any reduction in public spending will mean a reduction in the quality of the service or that any reduction in headcount will mean a reduction in the quality of the service. That is the fundamental difference between Government Members and Opposition Members. We do not make that binary link. We are interested in the quality of the service and how well resources are deployed. Until Opposition Members understand that point and start talking about value for money and wise spending rather than big spending, they will continue to be in the position that they are in.

Albert Owen: The Minister is generous about giving way. He talked about the precept and council tax. Does he think it fair that the people of north Wales, through their council taxes, have paid extra into other forces but are getting the same level of cuts from central Government? Does he want to balance the situation? If north Wales taxpayers paid less through their council tax, would he increase the central Government allocation to them in the interest of fairness?

Nick Herbert: The hon. Gentleman makes a serious point. We can discuss it further in the forthcoming funding debate. I am happy to answer it. In taking decisions about damping, we had to consider whether to make an adjustment for those forces that raise more from council tax. I considered that matter very carefully and it was a difficult decision, but in the end we decided that it was not fair to penalise those local populations that are already raising more from local taxpayers by saying that they would receive even less central grant than would otherwise be the case. The expectation of all chief constables and police authorities at the time was that there would be an even reduction in funding. We decided to apply an even cut as a consequence. I hope that the hon. Gentleman will understand—he may shake his head in disagreement—that that was a proper justification for that decision. It would have been unfair to penalise local taxpayers even more for the fact that they were contributing higher amounts than was the case in many other areas.

I want to make another point to the hon. Member for Clwyd South, in the short time left to me, on the facts of what is happening. There was a reduction in police officers in north Wales of 3.4%, according to the latest figures, in the year to September 2011. That is slightly lower than the national reduction. The reduction in staff is greater than that; staff are often overlooked in relation to these decisions. The hon. Lady's case is that any reduction in funding is bound to produce an increase in crime, but of course the facts have not been going with her. The facts would not support the case that she makes even if it were intellectually a consistent case. On the latest figures, total recorded offences in north Wales in exactly the same period—to September 2011—were down 1%. There are, of course, particular crime categories within that where that is not the case, but equally there are other categories where crime levels have gone down by bigger margins than that.

It is very important that the force keeps on top of crime. I spoke to the chief constable this morning, and he reassured me. I will quote him. He believes that the force is

"on track to hit a three-year reduction target of 6.3%."

That is the right ambition. The simple point is this: there is no simple link between spending levels, officer numbers and our ability to fight crime. It depends on effective organisation, good management and effective deployment of resources. It is about—

Mr Edward Leigh (in the Chair): Order. We now move to the next debate.

Social Mobility

12.30 pm

Esther McVey (Wirral West) (Con): It is a pleasure to bring this debate to the House today and to serve under your chairmanship, Mr Leigh.

Social mobility, the advancement of the individual irrespective of birth, gender, colour or class, was the underlying reason I entered politics. My inspiration for that was not so much politicians, I am sorry to say, but the great industrial philanthropists of the 18th and 19th centuries, with their business ethics, worker engagement and strong principles. I grew up in Liverpool, so for me one person stood out above all others: William Hesketh Lever, the founder of Lever Brothers, who, incidentally, did go into politics. William started work at his father's grocery business in Bolton, working his way up the ranks before setting up his own business. Perhaps it was that journey, from shop floor to business ownership, that shaped his outlook on life, which was that anyone could achieve, given the right support and conditions.

Lever's belief in others and his ability to achieve inspired me, and it is that notion of support allowing social mobility that we need to engender in society, allowing for personal fulfilment and opportunities for all. Business at its best can do it, and so can politicians. That said, everyone has a role to play: parents, teachers and community leaders. All can offer support, encouragement, hope and advice. In Britain today social mobility has never been so remote for so many people, with only one in five young people from the poorest backgrounds achieving five good GCSEs including maths and English, compared with three quarters of those from the richest families. Only one in four boys from working class backgrounds gets a professional or managerial job, and just one in nine of those from low-income backgrounds reaches the top income quartile, whereas almost 50% of those with parents in the top income quartile stay there.

Such lack of social mobility is damaging for those individuals, who are never able or allowed to fulfil their potential, for their families, the community and the country. The personal waste is tragic and, in the cold light of day, to a number-crunching statistician, so is the economic waste, which must surely act as a wake-up call to politicians of all parties to do something. One study has estimated the economic benefits of creating a more highly skilled work force at £150 billion a year by 2050—an additional 4% of GDP; and there is evidence that the demand for skilled workers currently outstrips supply, so there are jobs out there at the top that cannot be filled.

I have personal knowledge on the matter in question, coming from an area where I saw only too clearly the extra hurdles that put achievement a pace or two further away from people—although I also lived among a few startling exceptions who managed to defy the odds and become socially mobile. It was for that reason that I went back to university to study corporate governance and wrote a paper on the character types and personality traits of those who succeeded, irrespective of background, as well as interviewing more than 500 school kids from tough areas, to see what support and guidance they felt they needed to succeed. I hope today that I can bring some personal knowledge to the debate.

Philip Davies (Shipley) (Con): My hon. Friend has done far more than she has said, and has produced a book, "If Chloe Can", a careers book to help inspire people. It was turned into a theatre production, which is now touring the country, and I and several of our hon. Friends went to the premiere. I saw at first hand how many children from poorer backgrounds were inspired by the role models on stage that day, whom my hon. Friend brought along. Does she therefore agree that a key to introducing social mobility is to get great role models to inspire people and show them that people from their background can achieve success in life?

Esther McVey: My hon. Friend makes a strong point. That was one of the key things that came up when I went round schools on Merseyside, asking children what they needed to know, and what answers they wanted. Some asked, "How did you ever know what you wanted to become?" or "How do you know what jobs and opportunities are out there?" More importantly, they said they wanted to see people like them, from their backgrounds, who had achieved. I put together a magazine and distributed it free to more than 5,000 girls in Merseyside, and the people in it were role models such as Jo Salter, the first lady from the UK to become a fighter pilot; Louise Greenhalgh, the first to become a bomb disposal officer; Debbie Moore, the first woman to set up a plc; Lucinda Ellery, a single mum of three kids who has an international company; Jayne Torvill, the ice skater; and Emily Cummins, the inventor. All those people managed to overcome personal adversity to achieve, irrespective of where they came from. That was what made me look into character types and personality traits, which seemed so much more influential on where someone ended up than background or grades. Ambition, focus, being a team player, being positive and being able to complete a task, were key, and we need to tell children about those things, which give them hope. They do not need to know that they came from a certain background. They need to know that they need inner strength to achieve.

Jim Shannon (Strangford) (DUP): I congratulate the hon. Lady on bringing this matter to the House. I hope she will comment on social mobility for people who are disabled, and on the need for public transport to enable them to go where they want to be. Does she agree, and will she comment?

Esther McVey: I will make one comment, because I worked with people who were able-bodied, and with others who were not so able-bodied. One in particular who was a huge inspiration to me was a young girl called Shelly Woods, who I hope will get an Olympic gold in the Paralympics. She was supported by other people and thought she could achieve, even though she had always wanted to do sport as an able-bodied person. She became paralysed in an accident playing hide and seek, when she fell out of a tree, and has lived both as an able-bodied person and as someone who is not able-bodied. Her story was poignant, and she talked about the vital strength and support of teachers and family members. I do not know whether I can give a clear answer to the hon. Gentleman's point—I am sure that the Minister can—but I hear what he says; the support he speaks of is needed.

It is important to look in the round at what can be achieved. The coalition Government are doing that, because social mobility will not be achieved by a single initiative. It is a question of a host of interventions, providing small steps at various stages in someone's life, to enable them to climb up. Social mobility appears to have stagnated in the UK in the past 30 years. Children's educational outcomes are still overwhelmingly tied to their parents' income. The OECD published "A Family Affair: Intergenerational Social Mobility across OECD Countries" as part of "Going for Growth 2010"; it shows the United Kingdom as among the countries where socio-economic background appears to have the largest influence on students' performance. Although initiatives have been introduced in the past 30 years, it appears there has been little success.

Mrs Helen Grant (Maidstone and The Weald) (Con): I, too, congratulate my hon. Friend on bringing the debate to the House. Does she agree that more effort needs to be put into boosting self-confidence and self-esteem in children? As she knows, those are prerequisites for mobility, success, and the goal that she is describing. Assuming that the importance of self-confidence is accepted, does she perhaps also believe that school subjects such as music, drama, art, sport and reading out loud in class may need to be given upward value? That is not at all to put a negative slant on the baccalaureate idea or the education policies that we are putting forward, but to underline the importance of the issues in question.

Esther McVey: I do indeed believe that self confidence is crucial. In fact, I led a debate on confidence for girls in particular. There is a lot of evidence, both academic and from Ofsted, that we need to encourage that, which is why I am so impressed with our national citizenship service in which kids from all backgrounds come together to get involved in team play and outdoor pursuits. The 30 children from the Wirral who participated last year said that it was a life-changing experience and that it really boosted their confidence. Yes, confidence needs to be developed both inside and outside school.

We need to look at social mobility as a whole and consider the various interventions that can be made over a life cycle. I welcome the fact that the social justice agenda and the social mobility agenda have come together with an emphasis on fairness and life fairness. Family support and support growing up are crucial.

The Department for Communities and Local Government found that 120,000 families in England have complex social, health and economic problems and it has designated an early family intervention programme. Yes, I know that it will cost £448 million to support such families, but it is in an attempt to break up a never-ending cycle of dependency and under-achievement that ultimately costs the country £9 billion a year. We therefore have not only the evidence to show that we need to take up such a programme to help the lives of people, which so often can be forgotten when we look at numbers, but the economic imperative to ensure that we push it through.

Damian Hinds (East Hampshire) (Con): Does my hon. Friend agree that even beyond the 120,000 most troubled families throughout our society, the gap between rich and poor appears by the age three, which puts into sharp relief the need for support for parenting in the family?

Esther McVey: I totally agree with my hon. Friend. The coalition Government are right to introduce new nursery care for toddlers. There will be 15 hours of free early education a week for all two-year-olds from poor homes, which will help 240,000 disadvantaged children. The pupil premium for disadvantaged children in England's schools will be worth £600 per pupil per year.

Today, I want to dwell on the sciences not just because the Minister for Universities and Science is present but because it is a passion of mine. An education in the sciences can promote social mobility. As chair of the Chemical Industries Association, I hear on a daily basis about the need for more science students, technicians, engineers and scientists. The jobs are there, but we do not have the children to fill them. Moreover, they are high-paying, life-long jobs with futures. Only last week, I was promoting science in schools with the Chemical Industry Education Centre and one of the companies present admitted that it had taken on 10 post-graduate chemistry places, and, sadly, only one of them went to somebody from the UK—such is the lack of those in the UK with suitable qualifications.

I hear such stories on a weekly and even a daily basis. People comment not just about what is happening on the jobs front but about science education itself. David Braben, who is known for computer games such as Elite and Rollercoaster Tycoon, said:

> "We have become a nation of consumers rather than creators in terms of technology in education, and this has implications further down the line."

Eric Schmidt of Google had a withering summation of the British system, saying that it has forgone teaching computer programmes in schools. He said:

> "I was flabbergasted to learn that today computer science isn't even taught as standard in UK schools...Your IT curriculum focuses on teaching how to use software, but gives no insight into how it's made."

The president of the Institute of Electrical and Electronic Engineers, Moshe Kam, said that there were systematic failures in the UK education system, which has serious knock-on effects for the economy.

The fact that our nation, which created and advanced the computer, has now become a nation of consumers is absolutely outrageous. Therefore, how we teach the subject is vital, which is why I welcome the determination of the Secretary of State for Education to have five core subjects taught to everyone in school. We have to start off by pushing five core subjects to everybody from every background, and not just to those who come from a slightly wiser professional background. There must be an imperative in the school system.

Andrew Percy (Brigg and Goole) (Con): I know that my hon. Friend is a doughty fighter on this subject. Does she remember from our conversations after her "Workhouse to Westminster" paper that I too can claim to have descended from people who were in a workhouse? On the issue of the E-bac, she is right to say that we must ensure that we spread these core subjects as widely as possible. However, does she also agree that we must accept that a lot of these kids who will take on these subjects go back to very disturbed backgrounds and

[Andrew Percy]

difficult home lives? They do not get the same support that someone in a more middle class school might get. We must be careful about what we wish for and we must ensure that proper support is available to those kids to do their best in those subjects.

Esther McVey: I totally agree with my hon. Friend. We must ensure that we give those children the support that they need. I am delighted with the new university technical colleges that Lord Baker, Lord Adonis and Peter Mitchell are fighting for because they could provide people with a startling difference in their life. The timetable starts at 8.30 in the morning and ends at 5 o'clock. It does not matter whether someone comes from a difficult background or has a difficult home life, because they do their homework in school.

I know so many bright children who need an application for their education. For so long, we have learned a subject in isolation without really knowing where it is going. The university technical colleges are addressing that issue. Yes, they are academic, which is excellent, but the fact that they have a longer day and a longer week means that the pupils will have 30% extra time to do projects for companies and to mix with people whom they had never mixed with before, which goes back to the issue of those vital real life role models.

I am glad that we are at last having a discussion about going to university and encouraging people to ask, "Is that really best for me or is an apprenticeship better? Do I really need to get a job?" The Office for National Statistics reports that we now have more than 1.3 million graduates who earn less than the average wage for someone who has been educated to A-level standard. Did university really benefit those people, or did they feel pushed into going to university by quotas for schools? Did a lack of knowledge lead them on to that journey to university? Did university support them in the way that it should?

According to the recruitment agency Adecco, one in five employers says that school leavers make better workers than university graduates. It is crucial to be able to stop for just a second and think, "What is it that I want out of life? What can I do and have the support there?" We should not limit our options at a young age because we did not take the subjects that we would need later on in life. When I was at school, if we did not know what to do, our teachers would say, "Study science for as long as you can because you can do anything with a science O-level"— I am giving my age away now. If youngsters study science at GCSE or A-level, they can always do something. By the way, the lynchpin is chemistry, which is something that we are not always told.

University technical colleges are brilliant. I have read the JCB college booklet and seen what the very first university technical college in Staffordshire is doing. For the children, the experience has been life changing. Some were not doing well in school and feel that they have been given a second opportunity. A life sciences university technical college is coming to north Liverpool, which is associated with the university of Liverpool. Therefore, it will be linked with the university and with business, including Unilever, Novartis, Redx Pharma, Bristol Myers Squibb and Provexis. Hot on the heels of the Liverpool university technical college will be the Wirral university technical college. *[Interruption.]* I notice that the Minister is smiling there. All that is key.

I want to mention, as an aside, the significant effect that Brian Cox has had on the uptake of physics and maths, so much so that the president of the Institute of Physics, Professor Sir Peter Knight, has talked about the Cox effect. He has inspired new physicists and new mathematicians, so much so that applications to Surrey university this year for physics have gone up by 40%. I mention that because how we communicate our message is key. Brian Cox had a platform: television and the media. People found him exciting, innovative and interesting, and they went and did it.

Mr Edward Leigh (in the Chair): Order. It is entirely up to the hon. Lady for how long she speaks, but there is only 10 minutes left for this debate, and she may want to leave some time for the Minister.

Esther McVey: Thank you, Mr Leigh, for pointing that out. I am just about to come to my questions.

I want to know about our communication strategy. How are we going to reach out to the kids whom we want to help and support, not just to the people who are already going to get it? It is key that we talk about it not only in policy—it is not just about words, but about deeds and actions. I want to mention the Speaker, who will hold an event for me on social mobility tonight, for 150 different people who have all turned their lives around, from business, drama and the arts. He is also giving Back Benchers a voice—he has introduced the Speaker's parliamentary placement scheme, in which 10 people from different backgrounds are having a new look on life. I have one, and I want him to be known here: Luke Shaw Harvey from Stoke. He is working with me, and I think it is important.

How will we co-ordinate what we are doing? How are we following it through? How are we looking at the impact? What is our media strategy? How are we going to promote science to children? I see science as a great enabler for everyone. What are our careers advice and opportunities? How will we know about and promote the success stories, so that they are part of the cycle of social mobility?

12.51 pm

The Minister for Universities and Science (Mr David Willetts): Thank you, Mr Leigh, for protecting the Government's interests by giving me an opportunity to respond to the large number of extremely pertinent questions asked by my hon. Friend the Member for Wirral West (Esther McVey). We all know how committed she personally is to the cause of social mobility. I have read the accounts of "If Chloe Can", and clearly that is exactly the type of initiative that is needed to raise aspirations and for young people to know what they can achieve regardless of their background, and I congratulate her on that.

I also welcome the interventions from my hon. Friends. I think that my hon. Friend the Member for East Hampshire (Damian Hinds) is the chair of the all-party parliamentary group on social mobility, and it is great to see him present in the Chamber. My hon. Friends the Members for Maidstone and The Weald (Mrs Grant),

for Shipley (Philip Davies) and for Brigg and Goole (Andrew Percy) also made important interventions. My hon. Friend the Member for Brigg and Goole suggested the exciting sub-heading of "Workhouse to Westminster"—it is good to see that the Minister responsible for the workhouse, my right hon. Friend the Member for Epsom and Ewell (Chris Grayling), has just arrived in the Chamber. "Workhouse to Westminster" is the motif for our debate today.

The challenge that we have in improving social mobility, which my hon. Friend the Member for Wirral West painted vividly, is one that the coalition is committed to addressing. Probably the most important single document in which we have set out our policies is "Opening Doors, Breaking Barriers: A Strategy for Social Mobility", which was published last April. It had the important feature of tackling all the different stages of a life cycle, and it showed that at each stage, we had to raise our performance. We have already heard, from the interventions, about the importance of the early years, and we recognise that. That is why we are committed to a new entitlement of 15 hours a week of free early education for two-year-olds, in order to try to tackle the problem in that area.

Coming to school years, the coalition is delivering the pupil premium, which for next year will be worth £600 a year for pupils from tougher backgrounds. The excellent free schools policy is already working, with new free schools being set up. Rising to my hon. Friend's specific challenge of communication, we also have "Speakers for Schools" and a related programme, "Inspiring Futures", which aim to get 100,000 people into schools and colleges to talk about their jobs and career routes. The challenge is not just about aspiration—sometimes people have the aspiration, but they do not know how to fulfil their aspiration or understand the routes to get from where they are to what they want to be. Having people who have taken a route through to achieving their ambition in a certain career arrive in a school or college to describe it with practical examples is important to tackle the communication challenge that she identified.

I recognise that universities, which are my particular responsibility, are only one of the routes into a well-paid job, a career and a fulfilling life. It is equally important that people have the opportunity of apprenticeships, which is why the coalition is delivering 100,000 extra apprenticeships. We have achieved that in our first year, and with the excellent leadership of my colleague, the Minister for Further Education, Skills and Lifelong Learning, my hon. Friend the Member for South Holland and The Deepings (Mr Hayes), we are ahead of that target; we will deliver even more.

My hon. Friend the Member for Wirral West asked about universities. One of the encouraging things about universities is that whereas in the earlier stages of the education process, people from disadvantaged backgrounds, sadly, fall further and further behind, getting to university is the first stage of the process in which it looks as if—the evidence is controversial, but I think the majority of evidence is pretty clear on this—young people from more disadvantaged backgrounds over-achieve compared with others. It is the first stage in which instead of falling further behind, they start catching up. That is why it is important that we do everything we can to ensure access to university, which the coalition is committed to.

Although the decision to go to university or not has to be for an individual, and we want more information for young people as they make their choice, so that they can decide whether going is the right thing for them, nevertheless, I offer to my hon. Friend some figures: on average, graduates earn £32,000 a year, while on average, non-graduates earn £19,000 a year. The averages are pretty compelling.

My hon. Friend referred particularly to science and asked me what we could do on that. There is an excellent initiative of STEMNET ambassadors. These are people who have made practical careers in the sciences, who may have built up a business or may be working as scientists. There are 28,000 of them, 40% of whom are women; it is important to get the gender mix. Again, they go around to schools, science fairs and elsewhere to explain what they have achieved as engineers, scientists or managers, drawing on their expertise and communicating it to young people.

There was an intervention particularly about disabled people. While we sometimes focus exclusively on social background and access to university, we have made it clear in the letters that we have sent to the Office for Fair Access that it should look at other things as well. One that we specifically identified is proper arrangements for disabled students, so that they have an opportunity to learn and do not suffer from excessive drop-out rates.

My hon. Friend also talked about other examples of what could be achieved. She was right to refer to the Speaker's parliamentary placement scheme. It is important that people have a fair opportunity of internships. We are clear that if young people are in employment, they should be properly paid for it. The Government attach a lot of importance to that.

As well as the Speaker's parliamentary placement scheme, we should also remember—I suspect that this also applies to several Members present—the Social Mobility Foundation, which also finances people to come to work in the House of Commons if they would not otherwise have been able to afford to do so.

The lesson that the coalition takes from the debate is that yes, we need to intervene at every stage of the life cycle: early years, school, apprenticeships, university and opportunities afterwards. However, nothing beats the personal experience of seeing people who have overcome barriers. What my hon. Friend describes and promotes, not least through the excellent play to which she referred earlier, is fundamental to providing young people with opportunities. I very much support and welcome the efforts that she is personally making.

Inflammatory Bowel Disease

1 pm

Chris Evans (Islwyn) (Lab/Co-op): Thank you for calling me to speak, Mr Leigh.

I called for this debate to draw attention to the crippling effects of one of the country's most common health conditions and the problems that people living with it face in their working lives. I will be honest: before securing this debate, I knew very little about inflammatory bowel disease. I knew the bare facts, but I did not know the impact that IBD has on sufferers in their daily lives. For example, I did not know that there are more people with IBD than people with multiple sclerosis and Parkinson's disease. However, if we asked the person on the street about either of those two terrible conditions, I am sure that they would know at least the barest details. By contrast, if we mentioned IBD to someone, it is quite possible that there would be some confused looks and silence. Indeed, when I mentioned this debate to people over the weekend, I had to explain what it was about.

Perhaps the problem comes down to the fact that many of those who live with IBD are often too embarrassed by the symptoms or are afraid to speak out about what they have to go through daily. Living with IBD is particularly difficult as the condition is known to fluctuate and can flare up at any time without warning. What is more, unlike the impact of many debilitating illnesses, the impact of IBD is not always obvious to other people, making it difficult for them to understand what a sufferer is going through.

The problem is particularly acute in the work environment, as someone who is suffering from IBD can find it difficult to tell their employer what is wrong with them. In a survey by Crohn's and Colitis UK, 78% of people with IBD said they worry about their ability to manage their symptoms in the workplace. In addition, 62% said they worry about not being able to carry out their responsibilities adequately and 36% said they fear losing their job as a result of their condition.

Those of us with a long commute may worry or moan about traffic on the roads or finding a seat on a train, but few of us have to worry about where the nearest toilet is, which really is the difference between being in or out of work for someone with IBD.

Those fears are particularly prevalent among young people with IBD who are about to enter the workplace for the first time. When young people with IBD were asked about their condition, 56% of them said that their condition causes them to rule out some career options that they might otherwise have considered.

Andrew Percy (Brigg and Goole) (Con): I am sorry for not giving the hon. Gentleman notice that I wanted to speak; I had not realised that he had secured this debate. I just want to emphasise the point that he is making. My mother suffers from Crohn's disease and has twice had operations to remove part of her bowel. On both occasions, she nearly died. I have seen her symptoms daily and growing up as a kid I actually saw her cry because she was unable to get to a public toilet after being refused the use of a toilet—a private toilet—in a shop. This condition really impacts on people's lives. It changes the whole way in which they have to live and work, and sadly a lot of workplaces are not set up at all for people who have it.

Chris Evans: I agree completely with the hon. Gentleman, and I will develop that point about workplaces further as I go through my speech. I am glad that he has raised it. Very often in this place, we quote statistics and sometimes we use them to bash the Government, but in the middle of all those statistics there are real human tragedies and stories that are taking place. As I have said, I am glad that the hon. Gentleman raised that point and I hope that his mother is dealing with life a bit better now.

I want to return to the point that I was making about young people with IBD. At a time when more and more of our young people are struggling to find work, the last thing that we need is for them to rule out career options. Since becoming involved in the campaign to raise awareness of IBD, I have heard story after story from young people who are unable to fulfil their potential because of the problems that the condition causes. This story is particularly common:

> "Leanne is a full time foundation degree student from Crewe and has a part time job in a local pub. As a 19 year old she finds it especially hard having an illness which isn't highly understood or visible. Having a condition which includes side effects like fatigue means not all employers or educational institutions understand the challenges she faces, and she even says that most people mistake this fatigue for laziness. She has had bad experiences in the past with employers and teachers who do not fully understand her condition and what it can mean on a daily basis. She describes herself as a passionate individual who wants to commit to jobs and her education, but finds it difficult on bad days. She has in the past been called "unreliable" during a flare-up of her illness. This ignorance can be damaging and can have a lasting effect on someone so young."

Jim Shannon (Strangford) (DUP): I thank the hon. Member for Islwyn (Chris Evans) for bringing this matter to the House. The hon. Member for Brigg and Goole (Andrew Percy), who spoke earlier, has illustrated very clearly the issues involved. As elected representatives, every one of us has to deal with these issues every day with our constituents.

The hon. Member for Islwyn has referred to work. The civil service in particular seems to have issues with its "early warning scheme", as it calls it, and there is no flexibility in that system. Does the hon. Gentleman feel that it is time for the civil service to address that issue, so that people who want employment in the civil service can stay in it and not have to leave?

Chris Evans: Yes, absolutely, and that is really the crux of the issue. IBD is not a condition that causes symptoms all the time; there are flare-ups, and then the condition goes back down and people go back to normal life. If there is a problem in the civil service, I hope that the Minister will address it when he responds to the debate.

In today's economic climate, with youth unemployment at the level that it is, we cannot allow someone with IBD to believe that their condition bars them from the job market. I heard another story of a young person, James, who was diagnosed with IBD in his early teens. James is currently studying for a degree at the university of Sheffield, but he is worried about managing his symptoms

in the workplace when he graduates and begins to look for work in what is already a challenging job market. James has said:

"I think the use of the toilet without restrictions has to be paramount. I also think employers should give employees the opportunity to confidentially declare any illnesses which may affect the efficiency of their work. I think employees, regardless of what illness they have, should be allowed to use the facilities, so people who are ill do not feel isolated. Also, I think there should be no stigma attached to having the sudden urge to use the toilet. This is often the case, I would have thought, if you work/live with the same people for a long time. I am concerned that, after having worked so hard to get my first job after I graduate, if I have to have time off for illness or procedures I will be under more pressure in my job. The job market is so competitive and if someone is less ill than me, I will be placed under more pressure due to a situation beyond my control. It is pretty inevitable that I may need time off while working, but due to the competitiveness of the job market there will always someone who will be able to take my place."

David Simpson (Upper Bann) (DUP): I thank the hon. Gentleman for giving way and I congratulate him on securing this debate. In my own company, which I have registered in the Register of Members' Financial Interests, we have experienced this problem, as it affected one of our management team. As a company, we decided that we would facilitate that individual because they were a good worker; they were enthusiastic in what they did. Although my hon. Friend the Member for Strangford (Jim Shannon) has raised the issue of the civil service, surely the private sector needs to take a grip of this issue and a company ought to overlook the difficulties that a person—old or young—may have and see the potential benefits they can offer.

Chris Evans: I commend the hon. Gentleman for putting that policy in place in his company. As I have said, when I have spoken to people about IBD there is a real fear of being embarrassed about it and not being able to tell someone about it. If a company creates a culture or an environment where an employee can go to their boss and say, "I've got this condition," in many cases the problem can be overcome and resolved. As the hon. Gentleman has this example of something that has worked, I hope that it can be passed on to the Minister, perhaps to solve the problem that the hon. Member for Strangford raised about the civil service.

Glyn Davies (Montgomeryshire) (Con): I thank the hon. Gentleman for allowing me to intervene on him, and I do so to support the point that he is making. I have had a colostomy, having suffered from bowel cancer. As an individual, I made a huge point of being very public about that fact, including about the ways that I have dealt with the disease. And I must say that that approach has given a lot of people in my constituency hope. A disease such as bowel cancer is not something that is embarrassing any more. People talk about bowel cancer and bowel issues now as part of normal life, and it is hugely important that people in the public eye—as we used to call it—talk about these conditions and do not hide them away, so that they become more accepted by everybody else.

Chris Evans: I remember the hon. Gentleman in his previous life as a Welsh Assembly Member, and I also remember the good work that he did to raise awareness about this issue. I hope that more people follow his example and raise awareness of what is a really serious situation.

Returning to my example, when they graduate, people such as James may be too embarrassed to ask for help from careers advisers or Jobcentre Plus staff, who are already feeling the strain caused by the sheer volume of people whom they are trying to get back into work.

Some people do not even make it to university due to the challenges that they face in their teenage years from IBD. Here is an example of such a person:

"Because of immune suppressants which I take to manage my IBD, I have a very low immune system and become very ill, very quickly. I have already missed one year and I have had to re-sit my A levels. I feel a complete failure. I wanted to become an architect but I just cannot keep up with my studies. I feel I have let myself and my family down and my career is only just supposed to be starting."

There are endless stories of young people with IBD who are worried and concerned about their future. A diagnosis of IBD should not mean that a person has to restrict their ambitions, whatever those ambitions are. The prospect of starting work is particularly daunting for anybody leaving school or university, but it is made even harder for those who are simultaneously coming to terms with a long-term health condition.

Many employers lack knowledge of IBD, which complicates the problem further. A study undertaken by Crohn's and Colitis UK found that two thirds of employers admitted to knowing very little or nothing at all about the needs of employees with IBD. When asked to name some of the symptoms of IBD, most were unable to name any, while others displayed a misunderstanding of the condition. One even attributed IBD to a lack of "work passion". That could not be further from the truth, as we see from the example of the hon. Member for Montgomeryshire (Glyn Davies). Half of people with the condition revealed that they feel they need to put in additional effort to compensate for the time they take off for hospital or doctor's appointments.

There are steps that employers can take to provide extra support for employees who suffer with IBD. There are simple adjustments, such as allowing an employee with IBD to visit the toilet when needed and, if possible, sit near a bathroom. That can help an IBD sufferer stay in employment and not feel awkward about the condition when they are in work. Some 65% of people with IBD believe that the opportunity to work flexible hours could maximise their productivity.

I do not want anyone to think that young people are the only group to be affected by the condition, as we have seen with examples today.

Andrew Percy: On the issue of work ability, there needs to be an acceptance not only that sufferers need to use the toilet, but that a lot of people rely on vitamin B12 injections. As one gets nearer the time for the injection, energy levels drop. Employers need to recognise that there could well be a change in work patterns as the time for the injection approaches.

Chris Evans: That was the point that I was trying to make. All we are looking for is a little understanding from employers. We are not asking for a great change in legislation. We want them to foster an environment

[Chris Evans]

where people do not feel embarrassed about going to their employers about their condition and that, when they do have to take medication, they are allowed time to do so. That will not affect anyone's productivity; if anything, it will improve it.

As I have said, I do not want anyone to think that only young people face this problem. Some are forced to take early retirement due to the unpredictable nature of their disease. Until last year, John was a university lecturer. He found that working and living with a chronic condition such as inflammatory bowel disease was too much to cope with. He was unable to rely on the stability of his bowels while giving lectures. He chose to take early retirement without much of a fight. It took 18 months to get his pension released early on partial incapacity grounds, which took a toll, as his condition was going through a flare-up. Even though he has come to terms with his current medication, in order to help keep his symptoms under control, the IBD is difficult to live with and dictates how much travel he can do on a daily basis. It has been financially tough on John and his family, as he was the sole source of income, which has now been halved. The majority of his lump-sum payment made on retirement had to be used to fit a downstairs toilet.

I do not have to tell anyone how important it is to keep people in work, particularly in this economic climate. However, we have to accept that people with fluctuating health conditions may be in or out of work, and employers have to adapt to the different needs of those with the illness.

Jim Shannon: One clear issue is the disability living allowance and the benefits system. Does the hon. Gentleman feel there are occasions—I am aware of them—when the benefits system is not flexible enough to enable someone to achieve disability living allowance and to return to work later, if they have to?

Chris Evans: That is why we need flexibility in the benefits system. When people have this debilitating disease that very often stops them from working—they cannot do anything, they cannot leave the house—they cannot claim benefit. They do not even slip into the system or anything like that. That has to be borne in mind.

In the week that we are debating the remaining stages of the Welfare Reform Bill, it is important that the benefits system reflects the different needs and requirements of those with fluctuating health conditions. It is crucial that those with IBD do not struggle to cope at work through illness, or live in poverty when they are unable to work. I have heard stories about people with the disease having no income, which forces them out to work. Take this testimony:

"As my symptoms are not regular, I do not qualify for any benefits. So when I am actually too ill to work, I must simply either choose not to work or lose money. It is stressful having to explain the situation without going into too much detail."

The Government need to recognise the disabling elements of long-term fluctuating conditions such as IBD and include provision for those in the benefits system. The importance of that is underlined by the Government's introduction of universal credit, and the need to attend back-to-work interviews. The unpredictable nature of IBD means that people with the condition, who are required to attend interviews and undertake other work-related activities, may at times require flexibility, should they experience a flare-up of their condition.

Ultimately, IBD does not have to hinder someone's work potential. People live with the condition and make a positive impact in the world of work every day. All they ask for is sensitivity and understanding. I do not think that is too much. Therefore, I believe that employers, health professionals and policy makers have a duty to ensure that there is a greater understanding for those with fluctuating conditions such as IBD.

1.15 pm

The Minister of State, Department for Work and Pensions (Chris Grayling): It is a pleasure to serve under your chairmanship, Mr Leigh. I congratulate the hon. Member for Islwyn (Chris Evans) on securing the debate. What we have heard in the past 15 minutes is an example of this House at its best, where we all seek in as positive a way as possible to have an influence on the lives of people who are struggling with very challenging circumstances. There is no doubt that that applies to those who suffer from the two main conditions we are discussing in this debate, Crohn's disease and ulcerative colitis, both known as inflammatory bowel disease. We understand that they are serious conditions. In severe cases they require hospital treatment and surgery, as we have heard from my hon. Friend the Member for Brigg and Goole (Andrew Percy), and they make life extremely difficult for those who suffer from them.

I would like to deal with the hon. Gentleman's questions in two parts. In the latter part of his remarks he referred to how we treat people with the conditions in the benefit system. I would like to touch on that first, and then on employment and universal credit, which I believe will help people with fluctuating conditions.

I start with the question of ensuring that we provide appropriate support through the benefit system for those unable to work because of the scale of their condition. We seek through the work capability assessment to take sensible decisions about those with fluctuating conditions. I hope and believe that the work we have put in place over the past 18 months will improve the way the WCA works and responds to fluctuating conditions. We are continuing to look at how to improve the process in relation to fluctuating conditions.

Where the effects of the condition are such that an individual is unable to work, they will and should receive appropriate support by way of employment and support allowance. Individuals with IBD are most likely to score under the incontinence descriptor of the WCA, which recognises that in the workplace an important consideration is personal dignity. It looks at continence in relation to the ability to maintain continence of bladder or bowel or prevent leakage from a collecting device. Additionally, individuals who are either moderately or severely affected by the disease may also have restrictions in a number of other work capability assessment areas, for example, where there is low body weight, malnutrition, persistent pain and fatigue.

As a result of the hon. Gentleman initiating the debate and a number of other people raising concerns with my office recently about these particular fluctuating

conditions, we have looked again at how we are handling people with the conditions who are going through the work capability assessment, because I want to ensure that we get it right. In fact, all we have identified is that people with a primary diagnosis of the two different IBDs we are talking about are more likely than other groups to be allowed employment and support allowance, to reflect the high level of debilitation experienced by many individuals with such conditions.

The majority of people with IBD who have completed their work capability assessment are allowed employment and support allowance. The statistics show that they are more likely by around a third to be placed in the support group or the work-related activity group than the employment and support allowance client group as a whole. I think we see a picture of a system that is reflective of the nature of the challenges that these people face. We will not always get it right; I never pretend that that will be the case. From what I can establish, we are already reflecting, in the way we handle people with IBD, a recognition of the severe and significant issues it can pose for sufferers.

The work capability assessment considers each case on its merits. Alongside that, it is important to state that, as the hon. Gentleman rightly said, many people can and should continue to work. There is a duty to ensure that employers understand, help, and work with people to make sure that they stay in the workplace, and I praise him for his comments on that. We have therefore ensured that the work capability assessment recognises that some people can manage their conditions successfully and return to work. In some cases, symptoms might be less severe, or might fluctuate so that they are unable to work for only short periods. Others might respond well to medication and be unlikely to have any long-term functional restrictions. For those people, it is important that we provide them either with appropriate support to stay in the workplace or with help to get back to work.

We can all play a role, as the hon. Gentleman is doing today. I also pay tribute to my hon. Friend the Member for Montgomeryshire (Glyn Davies) for his comments. One great strength of the House is that we can take a lead. Sometimes we might be frustrated that individually, as Members of Parliament, we cannot wave a wand and change something overnight, but we have the ability to access, influence, create platforms and shape the way people think. Within our constituencies and beyond, we have the ability to influence the way employers think, as the hon. Gentleman is undoubtedly seeking to do today. I commend the message that he is sending out. It is one that I hope Members will continue to send in relation not only to IBD but to the many fluctuating conditions that make people's lives more difficult, although they should not and need not make it impossible for people to stay in the workplace. A bit of understanding from an employer can go a long way in preserving skills important to the organisation while giving employees the flexibility to deal with the challenges that they face.

However, for those who are struggling and finding that their employers are less supportive, which is bound to happen, we seek to personalise support for each individual through the work done by Jobcentre Plus and the Work programme. Along with both sets of organisations delivering support for the unemployed—our Jobcentre Plus offices up and down the country, and the different organisations working with the Work programme—we seek to individualise support as much as possible and ensure that we match individuals to employers.

One great way to overcome the challenges that people with different disabilities and health problems face in the workplace is by matching individuals to employers who understand, respect and support them. We encourage our Work programme providers and Jobcentre Plus offices to work closely with charitable groups for people who face different health challenges in order to ensure that organisations have the best possible understanding of the support that they need, so that we can do job-matching work to the best of our abilities.

In addition, where mainstay provision is not appropriate, we provide specialist support through Access to Work and Work Choice, which are available to the individuals with the most complex support needs. Each year, Work Choice aims to help about 9,000 people with disability and health problems into work, and Access to Work provides support to about 35,000 individuals.

I agree with my hon. Friend the Member for Brigg and Goole that it is essential for employers to make reasonable adjustments, which might include unrestricted access to toilets for people with IBD. It is common decency, and there is no earthly reason not to. I know we have not always moved beyond the world in which we have lived, but one would hope that in today's world, not many employers would deny someone access to a toilet. I believe that in most of our economy—ideally, in all of it—that should be a management practice of the past. Employers now have a duty under the Equality Act 2010, and they are putting themselves at risk if they do not pay attention to an individual's needs, if those needs are reasonable and sensible. I certainly regard unrestricted access to a toilet as being entirely that.

We are also trying to ensure that all those who work with us in the Department for Work and Pensions networks and who have a responsibility for health care—particularly health care professionals working with people undergoing the WCA and, in due course and Parliament permitting, the assessment for the new personal independence payment—have an understanding of the nature of the health conditions that they will confront in their work. The doctors and nurses working with us and Atos Healthcare on the assessments, for example, already have a knowledge of IBD from their professional training. However, those who are not from such a background—physiotherapists, for example—undertake a training module on inflammatory bowel disease as part of their work capability assessment induction. A learning set on continence, including a focus on IBD, is offered to health care professionals as part of the Atos Healthcare continuing medical education programme. To assist them in their knowledge of such conditions, health care professionals also have access to an evidence-based repository.

We try hard to ensure that we provide the people who work for us with access to information about fluctuating conditions, mental health problems and other issues that they will come across in their duties, so that they are as well placed as possible to be responsive in their decision-making and to get those decisions right. We have no interest whatever in getting such decisions about people wrong. This is about taking the right decisions and providing support for people who have the potential or are perfectly able to continue to work,

[Chris Grayling]

and then finding the right employers for them. However, it is also about understanding the limits of an individual's ability to work and ensuring that we do not end up making someone work who cannot realistically do so.

We are continuing to work to improve our knowledge, understanding and processes, and the responsiveness of those processes, for people with fluctuating conditions. In the past few months, our adviser on the work capability assessment, Professor Malcolm Harrington, has carried out a project in partnership with organisations that represent people with Crohn's disease, IBD and other fluctuating conditions to enable us to understand better how we can improve our processes to ensure that we take well-informed, appropriate decisions. The group has made a number of recommendations to us through Professor Harrington. We are considering our response, but I have given a clear commitment that the Government will do everything that we realistically and reasonably can to improve the way we work and ensure that we take the right decisions.

It is important, too, to find the dividing line. That will always be a difficult challenge for any Government, because, as the hon. Gentleman has said, there are two sets of points. The first is about employment and the need to get things right for those in work, and the second is about the need to get things right in our benefits system for those who cannot work. Finding a dividing line between the two is very difficult. There is no simple black-and-white answer to the two sides of that problem. The Government must do everything we can in our assessments and judgments to make our decision-making as accurate as possible. There is no exact science, of course. When we come to that grey area, no individual on the borderline is definitely able or unable to work.

I give the hon. Gentleman every commitment that our goal is to get right what we do. In all our reforms, including the reforms coming through Parliament this week to which he referred, it is not our wish or intention to do the wrong thing by people who find themselves in a difficult position in their lives. We have to find the correct approach in one of two different routes. It might involve finding the right support to get them into work; it might involve getting them into the benefit system. However, what we are trying to avoid is sending people down the wrong route: for example, somebody with the potential to work who is not asked to do so, or somebody who has the potential to work but is not encouraged to do so.

All of our reforms are about taking the right decisions, as far as we possibly can, by those individuals, and providing support, knowledge, and understanding for people with such conditions. We will not always get it right, but we will do our best to do so, and to deepen knowledge and understanding right across the workings of the DWP about IBD and other fluctuating conditions suffered by the people whom we seek to help.

Offshore Renewable Energy (East Anglia)

1.29 pm

Peter Aldous (Waveney) (Con): It is a pleasure to serve under your chairmanship, Mr Leigh. I am very pleased to have secured this debate, because it provides an opportunity to focus on the East Anglia offshore renewable energy industry at a particularly important time in its fledgling life. Much work has already been carried out, both by the Government and industry, and exciting times lie ahead, if the right policy and investment decisions are made and seen through.

The future can be bright; thousands of new jobs can be created; the economy can be rebalanced towards the regions and towards engineering and specialist manufacturing; and the country can have a source of energy that is secure, stable in terms of price and environmentally friendly. Looking further ahead, we can build an industry that can compete on a global stage, with firms taking their services and skills around the world, and in due course we can become net exporters of electricity, instead of being importers vulnerable to fluctuations in fossil fuel prices.

We are at the dawn of a new era. The two largest wind farm developers off the coast of East Anglia—Scottish and Southern Energy and East Anglia Offshore Wind—are about to enter important stages in the process of obtaining the necessary statutory approvals for their developments. Moreover, the Lowestoft and Great Yarmouth enterprise zone, which is focused on the offshore energy sector, will come into operation on 1 April.

These are exciting times, but it is important that we ensure that we realise the full potential that this opportunity presents for the East Anglia economy. The Thanet wind farm is a great engineering feat, but much of the value generated by that project went to companies outside the UK. Non-UK ports have been large beneficiaries of the round 1 and 2 offshore wind farm projects. Lessons must be learned so that we can ensure that our coastal communities, such as that in Lowestoft in Waveney, which I represent, benefit fully from this opportunity.

Much good work has already been done and the foundations have been laid. The original foundation stone, which has been there since time immemorial, is the North sea, one of this island's most vital assets. It is a great resource, out of which the fishing industry in Lowestoft and other ports was created, only to be reduced to a shadow of its former self by the common fisheries policy. The North sea also gave us the oil and gas industry, which has many features that are transferrable to the renewable energy sector—skills, a supply chain of approximately 500 businesses employing more than 10,000 people across Suffolk and Norfolk, and the best health and safety regime in the world. Now the North sea offers another dividend, in the form of wind in the immediate future and, in due course and with the right nurturing, wave and tidal power.

I should emphasise that, while I want to ensure that we realise the full potential that the North sea has to offer, I am conscious that it is an asset, a treasure that we should nurture for future generations. The role of guardian is played by organisations such as the Centre for Environment, Fisheries and Aquaculture Science, which is based in Lowestoft, has a long track record of

applying science in the management of fisheries and provides sound impartial advice to support the green economy.

The OrbisEnergy centre in Lowestoft has become a centre of excellence for the offshore renewables sector. Six sites in and around Great Yarmouth and Lowestoft form part of the enterprise zone. The New Anglia local enterprise partnership is a green economy pathfinder, and Lowestoft and Great Yarmouth ports have been granted CORE status as one of five centres for offshore renewable engineering.

All that work is to be applauded, but various challenges need to be addressed if the industry's full potential is to be realised in East Anglia, and I shall outline those challenges in the time remaining. The first is the policy framework. The offshore renewable industry is highly mobile—investment will flow to the most attractive destinations. It is, therefore, important that the Government send out the right message that there is a stable fiscal regime and a secure support mechanism to encourage the necessary investment in new technologies.

My right hon. Friend the Member for Mid Sussex (Nicholas Soames) addressed the need for a stable fiscal regime when he referred to the oil and gas sector during his Adjournment debate last week. On the need for a reliable support mechanism, the Government's proposals in the consultation on renewables obligation banding for offshore wind and wave and tidal technologies are acceptable to the industry, but it is vital that those for offshore wind are not reduced any further, because that could delay the projects, and wind supply chain companies might be tempted towards competing European nations.

It is also important that electricity market reform mechanisms are delivered quickly and at a level that gives confidence to developers, investors, manufacturers and contractors to invest in the post-2017 opportunities that will come from the round 3 wind farms.

On the wave and tidal sector, the proposed five renewables obligation certificates per megawatt-hour will help the UK maintain its lead over the other competing nations in this emerging sector, and that can be reinforced if support is forthcoming from the green investment bank. It is also important that the UK takes a lead role in developing transparent European market rules that in due course will allow us to export surplus renewable energy to Europe and vice versa.

The second challenge is planning. As I have said, both SSE and EAOW are at crucial stages in obtaining consent for their developments. There is a concern that the consent process is taking too long, that statutory bodies are not showing sufficient flexibility in considering applications and that they should adopt what the developers call the Rochdale envelope approach.

Delays could have a negative knock-on effect on investment decisions in relation to the wind farms themselves, in terms of the creation and reinforcement of supply chains and in relation to grid connections. That could lead to a loss of confidence in the UK sector just as it has become a world leader. It is important that decisions are made promptly and that statutory consultees are properly funded to cope with the number of planning applications, which will increase dramatically with round 3 applications.

RenweableUK, the trade body for the wind and marine industry, has recommended the establishment of a stakeholder resource fund to build capacity and expertise among statutory consulting bodies. It recommends a total spend over the next three years of £12 million and that the industry should be open to considering the possibility of making contributions itself.

Further down the line—although this is already concentrating people's minds in Suffolk and Norfolk—is how best to connect the East Anglia Array, which will generate electricity equivalent to five Sizewell C power stations, to the national grid.

Traditionally in Britain, electricity has been generated in the north and the midlands and has been transported up and down the spine of the country. We are now looking to change this axis so as to transmit power in an east-west direction. It is important that, if possible, use is made of the existing infrastructure. At present, the National Grid Company is establishing whether that will be possible. If not, it will be necessary to provide a new transmission route. In doing so, open dialogue will be vital from the outset between communities, the National Grid Company and councils, to ensure that all factors are taken into account when determining the most appropriate and best means of transmission, whether overground or underground, and when determining cost—both immediate and whole life—and environmental impact.

All parties must face up to this challenge. With 25% of the current electricity generating capacity due to be retired by 2016, it is important to move quickly to ensure that the lights do not go out. At the same time, however, we must not unnecessarily blight what is a special landscape.

Thirdly, it is important that we ensure that people in Suffolk and Norfolk have the necessary skills to take up the many jobs that will be created. At a recent seminar on supporting young people in Waveney, which I held jointly with Jobcentre Plus, Mark Jones, the managing director of Lowestoft-based AKD Engineering, spoke graphically about the importance of doing this and the fact that, if we do not, a once-in-a-lifetime opportunity to bring prosperity back to the Lowestoft and Yarmouth area will be lost, with work going elsewhere. The further education and apprenticeship policies that have been enthusiastically promoted by the Minister for Further Education, Skills and Lifelong Learning provide an ideal basis on which to build, but we also need to promote the teaching of science, technology, engineering and maths in our schools.

The technology and innovation centre for renewable energy needs to be up and running as soon as possible, and I hope that organisations such as OrbisEnergy and CEFAS in my constituency will play an important role in that project. The private sector and the East of England Energy Group, through its skills for energy programme, also have a key role to play, and it is important that national and local government work with them.

Fourthly, it is important that the supply chain is reinforced. The enterprise zone and CORE designations will help do that. We should promote manufacturing processes, whether they involve turbine manufacturing, foundation manufacturing or the provision of sleeves for turbines. If we can encourage those to take place in East Anglian ports, it will help to support supply chain businesses. That will lead to costs being driven down,

[Peter Aldous]

which will make offshore wind more affordable and, in turn, will consolidate the UK's position as a world leader in this sector.

A problem that supply chain companies often face is that they need three types of contract to come together at the same time: the contract with the wind farm developer for the provision of a piece of equipment, the contracts with sub-contractors for component parts, and, finally, a financing agreement with their bank. At present, securing any one of those three types of contract requires certainty on at least one of the other two. That leads to an unenviable chicken and egg problem. A means of addressing that dilemma would be for the green investment bank to offer loan guarantees to offshore wind projects entering the construction phase. I would be grateful if the Minister could look into that.

Finally, I come to infrastructure. Good infrastructure is vital. In previous debates, I have emphasised the importance of improving road, rail and broadband links to the East Anglian coast, which is very much at the end of a line. I will not restate that case here, other than to repeat the need for investment in the road network in and around Lowestoft, which is currently gridlocked as a result of sewer repairs taking place in Station square.

Instead, I want to emphasise the importance of two other types of infrastructure investment—first, ports and, secondly, the grid. The enterprise zone and the CORE initiatives will help Lowestoft and Great Yarmouth ports, but they are at a disadvantage both when compared with other British ports that are in assisted areas and that benefit from capital allowances and the £60 million UK ports competition, and when compared with European ports that are in public ownership. I wholeheartedly support the tradition of private sector investment in UK ports and the advantages of innovation and dynamism brought to the industry by a market-based approach. However, East Anglian ports need to be able to compete on a level playing field. I therefore urge the Government to consider the provision of a three-year replacement fund that would act as the equivalent of the capital allowances and port infrastructure funding that is available elsewhere.

With regard to the grid, there is the need not only for upgrading with additional transmission and distribution capacity, as I have mentioned, but for a smart grid and a European supergrid. That would allow peaks and troughs in electricity generation to be smoothed out while enhancing security of supply and, in due course, enabling Britain to export electricity, thereby helping the balance of payments.

In conclusion, this is not a plea for a blank cheque, although the coastal communities fund should recognise the contribution of offshore wind farms to the UK economy. The Government have already made a significant investment and are pursuing the right policies. However, we need to ensure that such policies come to fruition and that they hit their two targets: first, to achieve a secure low-carbon energy supply with less price volatility and, secondly, to build a new industry in which Britain is a world leader and to create new jobs.

East Anglian people and businesses want to be at the forefront of this drive. On their behalf, I conclude by saying this to the Minister: work with us and together we can not only hit these targets, but achieve the economic growth that this country so urgently needs at the current time.

1.43 pm

The Minister of State, Department of Energy and Climate Change (Charles Hendry): It is a pleasure to serve under your chairmanship, Mr Leigh. I am delighted to congratulate my hon. Friend the Member for Waveney (Peter Aldous) on securing the debate. He has shown a long-term interest in the scope for East Anglia to become a leader in renewable technologies and, within the Department of Energy and Climate Change, we are very grateful indeed for his constant support. I am delighted that he is supported today by some of my hon. Friends who represent Suffolk constituencies. They share his ambitions for East Anglia and how it can take advantage of the opportunities that are clearly there.

My hon. Friend is absolutely right to say that there are bright prospects for East Anglia and that this is an area where international opportunities could develop for the businesses setting up and operating within Norfolk and Suffolk. The expertise they can gather is something they can certainly take overseas as well. Earlier on in this Government, the Prime Minister said that we would be the greenest Government ever. The actions that we in DECC have since taken have shown how seriously we take that commitment.

I well remember my visit to my hon. Friend's constituency a year ago, when I had the chance to go with him to the OrbisEnergy centre to meet some local business leaders to try to understand the commitment, enthusiasm and excellence that they can bring to this area. On that visit, I was also pleased to have a chance to go to Great Yarmouth, Sizewell and Norwich to see for myself how well poised East Anglia is to take forward opportunities in the low-carbon sector. I have also had opportunities since then to talk to the New Anglia local enterprise partnership. I am very encouraged by its enthusiasm and commitment to make the best case for businesses in East Anglia and to address the skills issue, which my hon. Friend rightly mentioned.

As my hon. Friend said, since my visit, both Lowestoft and Great Yarmouth have been designated centres for offshore renewable engineering, or COREs. That is a great achievement and a tribute to the skills that are already based in those areas. Both towns are home to an impressive energy sector supply chain, with some 500 businesses employing more than 10,000 staff directly within the two port areas, and many times more people in the wider supply chain spread across East Anglia more generally.

My hon. Friend raised the issue about supply chain opportunities. I want to reassure him that the Government are not neutral about that. We are sending a clear message to those who are developing the offshore facilities that we would like them to give British companies every opportunity to pitch for their business. My concern is that sometimes they are not even on the tender list. We are going to great lengths to ensure that they get the chance to pitch. At the end of the day, it is a commercial decision, but we are very happy to call up the chairman and the chief executives of those companies investing here to highlight to them the strengths of British companies and those companies operating out of the United Kingdom in this area.

My hon. Friend also raised the issue of the UK ports funding scheme. As he will be aware, that shifted from being a ports project across the whole of the United Kingdom to an economic development scheme, because we felt it was important to link the development of the port to a specific economic activity. As a result, under EU state aid rules, the funding can go only to assisted areas. However, it is encouraging to note the extent to which companies are willing to look outside the assisted areas for where they see the right port facilities and the rights skills base. We are seeing some good, encouraging interest from companies looking at the United Kingdom more generally.

Great Yarmouth and Lowestoft are home to some of the leading offshore wind companies, including ScottishPower Renewables, Vattenfall, SSE, Seajacks, ODE, Gardline, SLP Smulders, CLS, Petrofac and AMEC, among others. Lowestoft is already the operations base for the Greater Gabbard wind farm and is well positioned to take advantage of future developments. Later this year, we expect the first offshore wind project from the East Anglia zone—East Anglia ONE—to submit its application for development consent to the Infrastructure Planning Commission. East Anglia is well positioned to take advantage of future wind farm developments.

My hon. Friend understandably picked up the issue of planning. During this year, those decision-making powers will be transferred from the Infrastructure Planning Commission, where such decisions are currently taken, directly to Ministers. The one thing we have been absolutely clear to enshrine in that is the time scale. The final decision will be taken by Ministers, which means there will be no extra delays as a result of the process. Somebody can be sure that, within just over a year of submitting their application, they will have a determination. What frustrates people most is not being turned down; it is the absence of a decision at all. People want to know whether their investment is likely to go ahead and therefore we are keen to ensure that they have that clarity.

I am sure that my hon. Friend agrees that the future of the UK's energy supply has to be secure, flexible and low carbon. We envisage a mix of low-carbon generation made up of new nuclear, carbon capture and storage, and renewable sources. We must also combine that with energy efficiency, as the cheapest energy of all is the energy not used. In all those areas—nuclear, carbon capture and storage and renewable sources—East Anglia has an extremely important role to play. The skills base and expertise that are already there are very encouraging and the ambitions of the companies involved to take this forward is something we can truly celebrate.

Renewable energy, and offshore renewables in particular, are set to be a major part of our future energy supply. Some technologies, such as onshore and offshore wind, are already established and some, such as wave and tidal, are still emerging, which is why we have given the higher level of ROC support to them. It is absolutely clear that offshore wind will play an important part in the UK's energy future. It is a low-carbon energy source. It is also a domestic energy source, which means that it will play a role in securing our long-term energy security.

The UK is already the world's biggest offshore wind market. We are working hard to maintain that position, and are determined to do so. We already have the most installed capacity and this is only the beginning. We also have the biggest pipeline of projects to 2020 of any country. Deployment of offshore wind will require an investment of tens of billions of pounds. For that huge sum to be invested by industry, we need to do all we can to ensure that developers, investors and manufacturers have confidence in the market and see the UK as the No.1 destination for their money.

Electricity market reform, as my hon. Friend rightly says, will give confidence and long-term visibility to investors, and will encourage the investment we need to renew our generating infrastructure. We have seen great progress in just a year-and-a-half, since the Government were elected. It was not even on the agenda before the election. In the course of just more than a year-and-a-half, we have established the structure of an entirely new electricity market—massive progress that we will shortly enshrine in legislation, but with ongoing discussions with developers to ensure that, if they need to make earlier decisions, they will understand how the funding will work to secure their investments.

Our reforms to the planning system will ensure faster, more efficient consenting, while retaining democratic accountability. We are currently considering the responses to the consultation on the bands for the renewables obligation to ensure appropriate levels of support for renewable technologies and value for the taxpayer and consumers. We are creating the green investment bank, to which my hon. Friend referred, to deliver financial interventions that address market failures specific to green investment needs, thereby supporting growth and environmental objectives. One of the priority areas for the green investment bank will be offshore wind.

We are working with Ofgem to ensure cheaper and timelier offshore grid connections, to encourage innovation through competition, and to enable new entrants to compete in the market. Ofgem has already run one successful tender round for offshore transmission and is in the process of running a second.

My hon. Friend rightly raised the issue of onshore grid issues. This week, the Institute of Engineering and Technology publishes a very authoritative report, which goes into more detail than anything I have ever seen before, about the comparative costs of undergrounding and overgrounding. Where it is possible to use existing infrastructure, that should of course be part of the process, because significant concerns have been raised.

Dr Daniel Poulter (Central Suffolk and North Ipswich) (Con): I congratulate my hon. Friend the Member for Waveney (Peter Aldous) on all his work in pushing Suffolk to be the greenest county and for Waveney to develop a national leading hub, and I acknowledge the support given by the Minister.

The issue of where cabling goes is very important. Suffolk wants to be the greenest county, just as the Government want to be the greenest Government, but it would be a contradiction in terms if developing the green hub means putting pylons all over the countryside. I ask for the Minister's support in pushing those energy companies hard to ensure that pylons are not installed in a way that will destroy the beautiful Suffolk countryside.

Charles Hendry: I am grateful to my hon. Friend for his interest and for the recent event he hosted for businesses in East Anglia to talk about that matter. He raises an issue that is current and important. We face

[Charles Hendry]

the absolute fact that when electricity is generated we need to find ways of getting it to market, and that requires a massive upgrading of our grid infrastructure. We have made changes to how that is dealt with. In a national policy statement on grid, we talked about the need to explore alternatives to overgrounding. The report published this week by the IET is a further example of our determination to get a clear understanding of the facts. The companies involved—National Grid, in particular—are in no doubt whatever about the public anxiety that this can create, and they are looking at ways of ameliorating that. I am encouraged from my discussions with them that they are keen to explore how best to ensure that a new generation comes through in a way that is harmonious with the communities through which that electricity will pass.

Offshore wind is quickly making the jump from an emerging technology to a major part of the UK's electricity supply. Through the industry-led Offshore Wind Cost Reduction Task Force, we are working to create an action plan to bring down the costs of offshore wind to make it cost-competitive with other forms of low-carbon generation. The task force will report to Ministers in spring. It is clear that industry and investors recognise our commitment to offshore wind. Many companies, including those in East Anglia, are gaining access to that new market. I want the UK to benefit from the jobs associated with offshore wind, not just from the low-carbon electricity. I want UK companies not just to supply UK wind farms, but to start supplying other countries, too.

The supply chain is already building up to support the wind sector, and it is doing good business. As this debate is focused upon East Anglia, let me just pick a few recent examples since April 2011. Gaoh Energy, in the constituency of my hon. Friend the Member for Waveney, has secured a met mast order for the Moray Firth offshore wind development. In the constituency of my hon. Friend the Member for Harwich and North Essex (Mr Jenkin), there is a new energy skills centre, where courses will be offered to support the UK offshore wind industry from early 2012. It will eventually be able to accommodate more than 200 young people a year on engineering and welding courses. Wells Harbour, in the constituency of the hon. Member for North Norfolk (Norman Lamb), has secured contracts for work at Sheringham Shoal offshore wind farm.

We are therefore already seeing some key investments coming forward, and not just in the domestic market. Seajacks, which is based in the constituency of my hon. Friend the Member for Great Yarmouth (Brandon Lewis), has won a £100 million order to supply the Meerwind offshore wind farm in Germany. There is no doubt that the levels of deployment we are likely to see in the UK and in Europe are far in excess of current production capacity—rapid scaling up will be needed. That offers the potential for significant employment and economic benefit for the UK, with the opportunity to create a broad manufacturing base in a high-value-added sector that, partly as a result of the sheer size of the turbines, really needs to be somewhere close by. I intend it to be here in the UK.

The industry is at an early stage of development, but is set for huge growth. The UK is well placed to make the most of it, and the Government intend to do so. We have a strong research and development capability, and some excellent engineering, technology and manufacturing opportunities. In East Anglia, I have seen for myself some of the outstanding examples of businesses that are ready and able to take advantage of those opportunities. I have met the people in the local authorities who are determined to ensure that the educational provision is there to bring forward the skill set. I have met with the local enterprise partnership, too. That, combined with the immense commitment and enthusiasm of my hon. Friend the Member for Waveney, and my hon. Friends from other parts of the county, shows that this is an area with immense potential and we look forward to it being realised.

Question put and agreed to.

1.57 pm

Sitting adjourned.

Westminster Hall

Wednesday 1 February 2012

[HYWEL WILLIAMS *in the Chair*]

Work Capability Assessments

Motion made, and Question proposed, That the sitting be now adjourned.—*(James Duddridge.)*

9.30 am

Tom Greatrex (Rutherglen and Hamilton West) (Lab/Co-op): It is a pleasure to serve under your chairmanship for the first time, Mr Williams.

I am grateful to have the opportunity to raise the issue of work capability assessments, and I note that the number of right hon. and hon. Members present indicates a degree of interest that merits us having a debate that is often misrepresented. From the outset, I must make two important points. First, I support the principle behind work capability assessments; some Members are against them in principle, but I am not. I agree that those who seek sickness benefit should be assessed to determine their fitness for work. Of all the many constituents who have contacted me on the matter over almost two years, none has disagreed with the principle behind an assessment—that people who can work ought to be helped into work where jobs are available. There are many benefits, which I have seen for myself with constituents who have been able to find work, although they previously thought that they might not work again. Those benefits are not merely economic but relate to health and well-being, and we should not confuse the debate by suggesting otherwise.

To support the principle, however, does not mean ignoring the current chaos of the work capability assessment in practice. Increasingly, over the past 12 months in particular, we have seen a chaotic process, which takes an inordinate amount of time, causes great anxiety for many, takes up huge amounts of public money, especially in the appeals process, and is doing a disservice both to those who want to get back to work and to those who will not be able to work.

The Government, in particular the Minister of State, Department for Work and Pensions, the right hon. Member for Epsom and Ewell (Chris Grayling), with whom I have discussed the situation in the Chamber and in meetings a number of times, have a habit of deflecting responsibility for how the system operates. Too often, the Minister has a ready excuse for the failings of the work capability assessment. Sometimes, he blames the previous Government, and sometimes he claims that people need to have patience to allow reforms to bed in, but I am not sure that I have ever heard him accept responsibility for the mess that the system is currently in. Part of the reason for that mess is the speed of the roll-out, despite the warnings of the pilot process and the report of the Select Committee on Work and Pensions.

About 11,000 people a week currently undergo the work capability assessment. Between 40% and 70% of those who appeal their assessment win their appeals, depending on whether they are represented. Is it any wonder that the cost of appeals is on track to reach £60 million for 2011-12, up by £20 million on the previous year? Is it any wonder that the number of tribunal service staff has increased by 30% since January 2010? Is it any wonder that tribunal centres, including the one in my area, in Hamilton, now operate on Saturdays to cope with the huge backlog of appeals? The system may have been put in place before the Minister took office, but by signing off on the nationwide roll-out, which has clogged the system, and by not dealing with the defects, the Government now have ownership of the problems and should be dealing with them.

Professor Malcolm Harrington, in his first review of the work capability assessment, made a number of important recommendations to improve the system. The Secretary of State for Work and Pensions welcomed the report and said that he fully endorsed the recommendations. The Minister said:

> "We fully endorse Professor Harrington's recommendations... We believe that the principles of the assessment are right, but that the system which we inherited contained some flaws that risked undermining its effectiveness. We have moved swiftly to put those right."

Yet in Harrington's review of the second year, published in November last year, he made it clear that the users of the system, including benefit claimants and the organisations working with them, have seen no difference. The review cited one survey by the Disability Benefits Consortium, which asked 439 welfare rights advisers during the summer of last year whether they had noticed any improvement since the first Harrington review: an incredible 75% reported no change and fewer than 4% saw improvements. That is a damning indictment of the Government's failure to implement proper change to make the system fairer, not only for those who use it but for the taxpayers who fund it.

One example of the Government's failure to follow through on its welcome of Harrington's recommendations relates to the performance of Atos Healthcare. Atos is the multi-billion-pound French IT firm that receives £100 million a year from the Department for Work and Pensions to carry out the work capability assessment. The Atos website, which I am sure the Minister is as familiar with as I am, boasts of global turnover of €8.7 million; Atos employs 78,500 people around the world.

Mr Wayne David (Caerphilly) (Lab): Before my hon. Friend goes into details about why Atos is probably failing as a medical assessment organisation, does he agree that part of the problem begins with the attitude of many of the staff engaged by Atos and their total unprofessionalism?

Tom Greatrex: My hon. Friend is entirely right. I have been contacted in the run-up to the debate by a variety of organisations giving me examples, and I have others from my own constituents, of how the process has failed and how it works and does not work. The process does not properly take account of a whole range of issues, from people with fluctuating or mental health conditions down to how people feel and how they are treated when they go into the assessment—for example, the people doing the assessments not making eye contact or asking leading questions to get an answer that is nothing to do with the health conditions.

Richard Fuller (Bedford) (Con): I became a Member of Parliament in 2010 and, right from the start, people expressed concerns to me about the work capability assessment, which was introduced by the previous Government. Can the hon. Gentleman confirm that Atos was hired by that previous Labour Government? Were some of the concerns that he was beginning to talk about exhibited at that stage, or are they only coming to light now?

Tom Greatrex: The hon. Gentleman must know the answer to his question, but I have not suggested that the contract was agreed under the current Government.

Esther McVey (Wirral West) (Con): Ah!

Tom Greatrex: I do not know why the hon. Lady says "Ah!" from a sedentary position as though that was some great revelation, because no one has suggested anything else. After the pilots, the Select Committee report highlighted issues that should then have been dealt with, but rather than dealing with them, the Minister decided to roll out the process. That is the root of the problems, such as the huge backlog of appeals, the huge cost to the public purse of dealing with those appeals and the huge anxiety and concern of many people. Many people have worked for a number of years and now find themselves, through no fault of their own, unable to continue in their previous line of work, and they would appreciate help to get into work; many others, frankly, are no longer able to work. The process was rolled out without its problems being addressed first, and given how the system is operating, those concerns are now coming home to roost.

Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op): Some of us who were Members before 2010 expressed concern to the previous Government. A serious issue in my constituency is the higher incidence than the national average of mental health problems, and some of those people affected have come to see me. One brave gentleman explained exactly how he had gone through the process, which involved a half-hour interview and a tick-box approach that did not take into account the challenges of mental health. As with many of my constituents with mental health problems, he would really like to work, but that short, sharp, tick-box system is not how to help people. I am sure my hon. Friend agrees.

Tom Greatrex: I entirely agree with my hon. Friend. Such issues were among those identified. My contention is that those problems should have been dealt with before the system was rolled out further, and we are now dealing with the consequences of those decisions.

The Atos half-yearly report for 2011 was very upbeat. It noted that operating margins had increased year on year to €166 million—an 11% increase from the first half of 2010. Its operating margin in the UK in 2011 was a healthy €34 million. The outlook for the second half of 2011 was similarly rosy: Atos expected profits to increase by 6.2%. I say all that not to congratulate Atos and marvel at how successful it has been, but to preface my next remarks.

Recommendation 13 of Professor Harrington's first review was

"better communication between Decision Makers and Atos healthcare professionals to deal with borderline cases".

In their initial official response to Harrington's 2010 review, the Government accepted that recommendation, noting:

"Decision Makers already contact Atos healthcare professionals to discuss individual case issues in some instances... we will ensure this happens more often... Agreed measures will be adopted nationally during 2011."

In a letter that I received from the DWP dated 1 November 2011, I was advised that good progress had been made on that key Harrington recommendation. The DWP letter claimed that

"Atos Healthcare Professional deployment in Benefit Centres has been trialled and has proven to be an effective way of improving communications to discuss borderline cases."

However, on 20 December 2011, just over six weeks later, in answer to a written question that I had tabled, the Minister advised that

"at the end of the trial, Atos health care professional capacity pressures meant that the initiative could not be continued. From the start of December, DWP and Atos have agreed the implementation of a telephone helpline so that Decision Makers can speak directly to health care professionals to obtain medical advice in specific cases. This is an interim arrangement until Atos are in a position to reintroduce the deployment of health care professionals in benefit centres."—[*Official Report*, 20 December 2011; Vol. 537, c. 1082W.]

That is a hugely significant development. This may have been due to when I tabled the question or when the Minister chose to answer it, but he slipped that answer out just before the Christmas holidays. The fact that Government policy is not being followed by a company in receipt of £100 million of taxpayer funding a year will startle many of my constituents and, I am sure, the constituents of many other right hon. and hon. Members.

I should be grateful to the Minister if he gave me answers to a number of questions. What exactly does the phrase "capacity pressures" mean? Does it mean that Atos cannot recruit the right number of health care professionals to undertake its work? Is it unable to fulfil its contractual obligations because of the amount of work that it has to get through? What discussions has he had with Atos about those capacity pressures? Does he believe that they undermine the ability of Atos to fulfil its responsibilities under the contract? What other services have been withdrawn as a result of capacity pressures in Atos? I am sure that if he is not able to answer, I will find a way of crafting written questions to get the answers from him.

To me, the phrase "capacity pressures" implies an undermining of the way in which the Government sought to deal with these issues, which was by saying that Harrington's recommendations would be implemented in full. If that is not happening in the instance to which I have referred and perhaps in other instances because of capacity pressures in Atos, is that not a damning indictment of the failure of the system as it is currently set up?

Jim Shannon (Strangford) (DUP): I congratulate the hon. Gentleman on bringing this matter to the House. No one decries the need for profit, but is it not time that we got away from profit and on to service delivery? Does the hon. Gentleman share my concerns about

many patients who go through the process of a work capability assessment and particularly those with cancer, whose health deteriorates when they experience more stress? There should be an emphasis on people's health, rather than on the profit at the end of the year.

Tom Greatrex: I thank the hon. Gentleman for his intervention. He puts his finger on a very important point. I am referring to the anxiety and concern that the process causes people, particularly if they are waiting for an assessment. If they enter the appeal process when they have had an assessment, they could wait up to eight months for an appeal. There is an issue about the whole of that process. Long time scales are involved because of the sheer number of people who are being dealt with—or not being dealt with. At the same time, we should never forget that those individuals are trying to deal with the process, and they are feeling huge anxiety. Particularly if they are already unwell, that could well affect their health. That is an important point.

Jessica Morden (Newport East) (Lab): I congratulate my hon. Friend on securing the debate. Does he, like me, see constituents who are caught in a cycle, in that they get zero points when they go for the work capability assessment, they wait seven months for an appeal, the decision is overturned and they immediately receive another letter asking them to take part in another round of assessments? Does he agree that the stress and anxiety being placed on people with very serious conditions is unacceptable?

Tom Greatrex: My hon. Friend is absolutely right. I will go on to highlight the case of one of my constituents that I do not believe is atypical of the experience of many right hon. and hon. Members' constituents. They get caught up in a process that seems never to end, and as my hon. Friend says, that does their health no good at all.

Last December, Citizens Advice published a damning report on the work capability assessment. One of its recommendations was that financial sanctions should be imposed on Atos for the number of incorrect assessments that it makes. As we all know, the taxpayer forks out millions of pounds on the appeals process, to clear up the incorrect decisions initially made by Atos. The Minister takes a strong interest in Scottish affairs. He may well have seen Scotland Office questions a couple of weeks ago. His colleague, the Under-Secretary of State for Scotland, advised me that he and the Secretary of State for Scotland had discussed the issue with Professor Harrington and that they believed it would be addressed. Can the Minister confirm that that is the case? What time scale has he in mind for financial penalties? Does he believe that Atos should compensate the taxpayer for its performance—its failure in many cases? I should be grateful to the Minister if he clarified the Government's position on that issue.

Ninety minutes is not sufficient time to debate fully the myriad issues that surround the work capability assessment. I could easily fill the time myself by highlighting its flaws and asking the Minister questions. I am sure that he will be relieved to hear that I do not intend to do that. I intend to make just a couple more remarks and then to allow other hon. Members to speak.

Mr Russell Brown (Dumfries and Galloway) (Lab): I thank my hon. Friend for securing the debate. I am intervening in case he is not about to move on to the issue that I want to raise. There are real problems for people with sensory impairment—a number of charities have come together on this issue—because the whole concept of being in the workplace is to be able to perform any task accurately and swiftly. That is key in the workplace. Does he recognise the pressure that those charities are bringing to bear, in that more emphasis should be placed on the guidance that any activity should be able to be undertaken "safely, reliably and repeatedly"?

Tom Greatrex: My hon. Friend makes a very important point. It is no good having someone go to an assessment if the fact that they can sit in a chair or pick up a box and move it once from one part of a room to another means that they are considered able to carry out a task that they may be asked to do repeatedly or continuously in a potential job. That point has been made by a number of organisations that have contacted me about the work capability assessment in the past few days.

I will put to the Minister a few more questions, to which I hope he will respond. They arise from concerns that have been raised by individuals who have contacted me to pass on their experiences of the work capability assessment. Can the Minister confirm whether Atos approved health care professionals are bound by the Official Secrets Act? If they are not, can he confirm whether there are any legally binding conditions, aside from the normal patient confidentiality rules, that prevent Atos approved health care professionals from discussing their experience of the work capability assessment?

As the first Harrington review pointed out, audio recording of the work capability assessment could drive up the quality of assessments by improving assessor and claimant behaviour. Late last year, the Minister advised that he was considering the outcome of the trial in Newcastle of the audio recording of assessments. Will he update the House on when he expects to reach a conclusion on that and whether he will publish the outcome of the trial to ensure full transparency on the issue? He will be aware of the freedom of information request submitted to his Department. Given that many other organisations routinely record their conversations with members of the public to ensure that they are meeting the necessary standards—those organisations range from banks to train companies; I think that even the Independent Parliamentary Standards Authority does it—it should be considered. We need to move on from the trial as quickly as possible. Will the Minister update us on the outcome of the trial?

Individuals who undergo the work capability assessment complete a quality survey to rate the performance of Atos. The survey takes place after the assessment has been completed, but before the claimant is made aware of its findings, which is rather like asking someone for a product evaluation as they leave the shop, before they have had a chance to use the product.

Nia Griffith (Llanelli) (Lab): Does my hon. Friend agree that it is unacceptable that people have to travel 20 miles from the sizeable town of Llanelli to Carmarthen, a local town, where they then find themselves in a lift that does not reach the correct floor, and has a step that

[Nia Griffith]

leads to a floor without adequate fire escape facilities? Will he ask the Minister what inspections are made of the premises used by Atos with regard to their accessibility for the vulnerable people who have to use them?

Tom Greatrex: My hon. Friend makes an important and pertinent point that I hope the Minister will address. It is a real concern if some of the facilities used by people undertaking a work capability assessment are in such a state.

Pamela Nash (Airdrie and Shotts) (Lab): I congratulate my hon. Friend on securing this crucial debate. My constituents share the same assessment centre that my hon. Friend's constituents use in Hamilton, and their experiences suggest that the building is not suitable for carrying out a work capability assessment. It has no disabled access and the car park is 80 yards from the front door. People are only supposed to walk 40 yards, and they feel as if they are being tricked before the assessment takes place.

Another problem is that information is unofficially gathered during the assessments. One of my constituents is deaf, but he was told that he could not possibly be deaf because he heard his name being called in the waiting room. Clearly, while he was waiting he was looking at the door in order to lip-read. Have my hon. Friend's constituents shared experiences such as those at the Atos centre in Hamilton?

Tom Greatrex: My hon. Friend makes a couple of important points. In some ways, a deaf constituent being told that he is not deaf because he heard his name being called is symptomatic of the attitude held by some of the people who carry out the assessments. I am sure that all hon. Members have heard about such experiences from a number of constituents, and it does the principle of helping people into work a gross disservice.

Although it is important to determine whether Atos staff are polite, courteous and accommodating to individuals undergoing the work capability assessment, the most important issue for my constituents is whether Atos gets its assessment right. I suspect that, if the quality survey were completed after the results of the assessment were known, rather than before, the feedback would be substantially different. Will the Minister undertake to consider that issue further, with a view to obtaining a more realistic overview of the claimant's experience than that currently recorded in the quality survey?

I will conclude by highlighting the case of a constituent that I think best encapsulates all that is wrong with the current system. The Minister is aware of this case, and he was kind enough to meet me last year to discuss it. Nevertheless, I want to put it on the record because, as I said in response to an intervention, I believe that this example is not atypical of many people's experiences.

My constituent, who wishes to retain anonymity, suffers from Parkinson's disease. I am no expert on that condition, and I possess only a rudimentary level of knowledge about the illness. I do know, however, that it is an incurable progressive condition, as I am sure Members are all aware. Like many sufferers of Parkinson's disease, my constituent has good days and bad days. His condition may deteriorate rapidly, or it may get worse over a long period of time—we do not know. We do know, however, that he will not get better.

Despite his condition, my constituent has undergone two work capability assessments, and on both occasions he was found to be fit for work. On both occasions he appealed the decision and was successful in that appeal. Late last year, however, he was called for yet another assessment. Where is the sense in that? If my constituent has an incurable progressive condition and was found to be unfit for work after his first appeal, why was he called in for a second assessment? If he was found to be unfit for work after the second appeal, why was he called for a third assessment?

I understand the need for the continuous assessment of people with conditions that may improve and mean that the individual in question can return to work, and I accept the principle of regular assessment. Being in receipt of employment and support allowance should not automatically mean that someone is on benefits for life. Nevertheless, common sense must be applied. If an individual is never going to get better, why should we reassess them? It is a waste of my constituent's time and energy—it takes a considerable amount of energy to get to the assessment and the appeals—and it is a waste of taxpayers' funds. As we know, the cost to the tribunal service of dealing with appeals is projected to be £60 million this year.

Think of the amount of money that has been spent on that one case. There was the original ESA50 limited capability for work questionnaire, the first assessment and the decision maker's process after the initial WCA, followed by the first appeal and the necessary post-appeal work that must be carried out by Jobcentre Plus staff. That process was repeated a second—now third—time, and will no doubt be repeated again and again until the Government decide to stop the revolving door of continuous assessment and appeal processes that many people have to undergo. Some people are not going to get better or be any fitter for work after the third assessment than they were after the first or second.

As I have made clear, I believe the work capability assessment to be right in principle but wrong in practice. Although its flaws were clear and highlighted by the pilot process and the Work and Pensions Committee report, the Government went ahead with the nationwide roll-out. I have put a number of questions to the Minister, and I am sure we will hear from many other hon. Members. He should address those questions and not seek to avoid them by laying the blame elsewhere. My constituents, and many people in the country, do not object to an assessment to determine someone's fitness to work. They do, however, object to a system that seems more concerned with hounding those who cannot work, rather than helping those who want to work.

9.57 am

Yvonne Fovargue (Makerfield) (Lab): It is a pleasure to serve under your chairmanship, Mr Williams, and I congratulate my hon. Friend the Member for Rutherglen and Hamilton West (Tom Greatrex) on securing this debate. I have long been concerned with this issue, and it has been raised by the citizens advice bureau in Wigan and by my constituents. The level of accuracy in the work capability assessment reports is staggeringly low.

More than one third of local decisions are overturned on appeal, and as my hon. Friend has mentioned, there are long delays to both the initial assessment and the appeal. Worryingly, however, in 60% of decisions overturned on appeal, the claimants scored no points at all in the work capability assessment. In 87% of cases, people were awarded six points or fewer—less than half the number of points required to pass the work capability assessment. We are talking not about margins of error but of assessments that are completely wrong. As more people who previously used reports from medical professionals now have face-to-face interviews, it is more important than ever that such assessments be conducted properly. People must have confidence in the judgment and accuracy of the reports.

One of my constituents came to me last week. He had received his work capability report after a long delay, and the letter consistently referred to an assessment of his leg, claiming that he had no problems. The problem was that all the way through, the letter mentioned the wrong leg. My constituent joked about it and said that he did not have a leg to stand on, but he now needs to appeal that decision with an incorrect report. Confidence in Atos is not high among any of my constituents or the advice agencies to which I speak. I am currently involved in a protracted correspondence with Atos regarding quality standards and how it is mystery shopped. Will the Minister tell the Chamber what mystery shopping takes place, how it happens, and whether there are financial penalties for inaccurate reports? The attitude certainly does not appear to be one of "right first time." In 2010-11, inquiries about ESA claims and the Atos assessment rose by over 40% in my constituency.

I would like to draw attention to the Citizens Advice report "Right first time?", which came out in January. There is an in-depth study of cases involving people who had been recruited before they attended the work capability assessment—they had not gone through it, and they were not complaining because it was wrong, so there was no bias. The sample is small because it took quite a lot of in-depth work, and a lot of voluntary advisers helped with it. In all, 37 reports were studied in depth. Sixteen had a serious level of inaccuracy, which meant there were very substantial errors that would have a significant impact on the award of employment and support allowance or disability living allowance. Ten had a medium level of inaccuracy, which meant there were some significant errors that would probably affect the point scoring and potential award of ESA. Only 11 reports had a low level of inaccuracy.

There were five main points of error. There were omissions or incorrect observations. One client, who had really pronounced curvature of the spine and real problems sitting, was marked down as having no problems sitting or standing. There was also incorrect factual recording of medical information. One client said he could not use his left arm at all. He could not dress or shower himself, and his wife helped him. The report said he managed to dress and shower himself, and ESA was refused, but he won on appeal. If the information had been recorded correctly at the first assessment, there would have been no need for that appeal.

Medical evidence has also been inappropriately determined. A client who was registered blind was under a consultant ophthalmologist and had regular sight tests. He said the work capability test was a bit random. The assessor sat there waving cards in front of him at random distances, saying, "Can you see that? What about that one?" That took no account of the fact that the client has regular sight tests with someone who knows him and who is qualified to judge.

Another thing constituents often complain about—this has been mentioned—is the closed questions, the lack of empathy, the incorrect assumptions and the fact that information has not been gathered. Clients who come to me with mental health problems, in particular, say they feel terrorised by the ESA assessment. When they walk into the room, they feel the assumption is that they are trying to cheat the system. Some have said they never want to go for another assessment.

Pamela Nash: Does my hon. Friend agree that the issue is not just the assessment's inability to assess mental health issues, but the lack of sensitivity that is shown? That causes stress for people who are already under extreme pressure and who are suffering from mental health issues, including depression and anxiety.

Yvonne Fovargue: I totally agree. I am trying to find out where people go when they are refused ESA as a result of the work capability assessment, and it is quite astonishing that there are no figures. These people do not go on to other benefits, but I cannot find information anywhere about where they do go. Given the experience of my constituents, I believe a lot of people are living off their families because they cannot face going for another assessment.

Jessica Morden: Does my hon. Friend agree that the problem with the work capability assessment is that it makes constituents who receive DLA extremely wary about the move to personal independence payments, because they see the same experience being repeated?

Yvonne Fovargue: I quite agree. The move to DLA, for which the tests are even more severe, will be a problem for a number of people. The confidence of people who have been through a work capability assessment and who have had to appeal will be at an all-time low when they have to do the same for DLA.

The other issue is that there are inconsistencies in reports. For example, a constituent said he had a hypo attack every week—he was diabetic—but when he received the report, it said he had an attack once a month. The difference meant he did not get enough points for ESA, which he would have done if the report had said he had weekly events of altered state, as opposed to monthly events. He had to appeal that decision.

Although the changes following the independent review were meant to improve the process, the Citizens Advice survey my hon. Friend the Member for Rutherglen and Hamilton West mentioned showed that 87% of advisers said the accuracy of Atos reports had not improved. As has been mentioned, there are improvements that might help. The roll-out of audio recording of assessments might help, but what checks will there be on the accuracy of reports? It is no use just recording and keeping assessments if we do not check the accuracy. The summary of the report sent from the health care professional to the claimant might help—if there is sufficient information

[Yvonne Fovargue]

to help the claimant check the accuracy, if summaries are sent to all claimants and if they are sent in good time.

The Work and Pensions Committee said we need to do more to learn the lessons from the management of the Atos contract and to improve the quality and monitoring of future contracts. There are a number of recommendations in the Citizens Advice report, which I urge the Minister to read. There is deep concern among claimants and advice agencies about the use of face-to-face assessments going ahead for other purposes, such as DLA, which my hon. Friend the Member for Newport East (Jessica Morden) mentioned, and personal independence payments.

The clients who went to their citizens advice bureaux are the lucky ones; they got their appeal, they got represented and they got help. Unfortunately, the proposal in the Legal Aid, Sentencing and Punishment of Offenders Bill to remove the eligibility of welfare benefits advice for legal aid will mean that the number of advice agencies and individuals able to give such advice will drop, so fewer agencies will be able to help people. I therefore urge the Minister to ensure that the work capability assessment system has the confidence of claimants and professionals and that we do get it right first time.

10.6 am

Cathy Jamieson (Kilmarnock and Loudoun) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Williams. I thank my hon. Friend the Member for Rutherglen and Hamilton West (Tom Greatrex) for securing the debate and for his tenacity—I think that would be the best word—in pursuing this issue. He has submitted what is probably a record number of parliamentary questions on it, and my constituents and I are grateful for that, because we have seen that someone is taking it seriously and cares passionately about it.

I want to concentrate on a number of issues raised by constituents. They were keen that I should take this opportunity to make representations to the Minister. People often feel that they are on their own and that they are the only ones having particular difficulties. Given what we have heard already, my constituents' experiences appear to be very similar to those of constituents elsewhere, and I hope the Minister will take account of that.

I want to echo what my hon. Friend said. Neither I nor my constituents have a problem in principle with the notion that someone who is fit and able to work should do so if work is available. Many people with disabilities wish to hold down jobs and they can do so. Other people will require support, adaptations and particular circumstances to enable them to work. The constituents who come to me most frequently about work capability assessments, however, are those with fluctuating and perhaps long-term conditions. They tell me and my caseworker that the work capability assessment report does not accurately reflect their day-to-day experiences. They often say that they feel as if the wrong report has been sent in. They wonder whether people are making generalisations on the basis of their answers to questions.

People with these conditions also make the point that if they are having a good day, they will probably get along to the work capability assessment. However, if they are having one of their bad days, they simply will not be able, in some circumstances, to attend or to cope with the assessment. In addition, people with mental health issues, in particular, tell me that they do not get a fair assessment. They feel that because their condition is apparently invisible the assessor often seems to know little about it.

Of course, there are problems. Chronic but intermittent conditions can mean that claimants sometimes find themselves moved from ESA to jobseeker's allowance and back to ESA, with all the work capability assessments in between. That leads to real difficulties because people often find themselves with no financial support while DWP processes are under way, with one claim being closed while another is being opened.

The most frequent cause of concern for constituents is apparent inconsistency. In a recent case in my area the maximum 15 points were awarded by the health care professional; that award was overturned by the DWP decision maker. The GP, the hospital consultant and Atos agreed that the person was unfit to work, but the decision maker in the DWP disagreed. In another example from my constituency a man with a progressive and incurable kidney condition, which requires him to undergo surgical operations every six months, was awarded 15 points; but that award was overturned by the decision-maker in the DWP, even though the decision-maker stated in correspondence:

> "I am satisfied that the descriptors have been fully justified with clinical findings, observations and extracts taken from the typical day history provided by Mr A. The medical report...was appropriate, complete and covered all the area of incapacity described by Mr A as well as including a comprehensive typical day history and full set of clinical findings."

We can understand why constituents find it difficult to understand why, when all the medical professionals and, indeed, Atos, appear to agree, someone in the DWP without a medical background apparently can overturn their findings.

I should like the Minister to tell me how many people—and what percentage—he is aware of who, having been awarded that maximum 15 points, have had the award overturned by the DWP decision maker, and how many of those have had appeals upheld. That may be useful for our understanding. As my hon. Friend the Member for Rutherglen and Hamilton West mentioned, there is concern about the cost of appeals, and I hope that the Minister will tell us the average cost of an appeal, and how much time is spent processing all the associated paperwork.

Kerry McCarthy (Bristol East) (Lab): My hon. Friend makes a powerful case. I went to an appeal with someone with ME who scored zero points. She took with her the medical evidence from the experts at the hospital; when the panel looked at it, it was a case of giving it a tick and telling her that of course she was not fit to work. However, those dealing with the form-filling and Atos stage were not prepared to consider it. It seems ludicrous that my constituent must go through the expense and stress of an appeal, and that the expert evidence cannot be considered earlier.

Cathy Jamieson: My hon. Friend makes an important point. I wanted to give some examples of constituents who have had to appeal. One is a man almost at retirement age who has worked in a manual job since leaving school at 15, who became unfit to work. He requires a tube to be inserted into his gullet so that he can eat and drink. He could not bend forward during the assessment process or when he came to speak to me, because if he did so anything in his stomach would be emptied out; he has no muscular control. Initially he was told that he was fit for work. With our assistance he won his appeal. On the other hand I have another constituent, with a progressively degenerative eye condition, who is registered blind and can just about read a 42 point font, which is fairly large. She lost her appeal. There seem to be different circumstances and different approaches.

Dr Eilidh Whiteford (Banff and Buchan) (SNP): The hon. Lady makes an important point. My concern about people who must go to appeal is that they do not get the advice and support they need. People who get it are more likely to succeed in their appeals, but Citizens Advice talks about a threefold increase in impact on its services since the process was introduced. I am sure that many hon. Members have had increased mail in that time.

Cathy Jamieson: The hon. Lady makes an important point. I do not think that anyone would doubt that there is pressure on advice services. Organisations for individual conditions, such as Parkinson's UK or the Multiple Sclerosis Society in my area, will talk about their concern that, although they can help so many people, there are others they cannot reach. I know from my case work that more people are coming to me to raise their concerns. They want to be put in touch with advocacy services to help them with appeals; my office cannot take on the job of representing people at every appeal, on account of the numbers involved.

Nia Griffith: Does my hon. Friend agree that, given the evidence we have heard today, and our own experiences, the DWP should seriously consider what to do about people with long medical histories of degenerative disease who are continually called in? It seems a complete waste of taxpayers' money and it is a disgrace that we do that to those people. Will my hon. Friend suggest to the Minister that we might consider some way to exempt such people?

Cathy Jamieson: My hon. Friend makes a powerful case, and I am sure that the Minister is listening. On the point about people with long-term degenerative conditions, another constituent called at my office in great distress, when I happened to be there. The lady could hardly open the door to come in without assistance. She was extremely upset having just had a phone call to tell her she was deemed fit for work. She told me that she had had MS for 20 years. She has poor eyesight, mobility and memory. I was so concerned about her plight that I immediately contacted her GP, who assisted with taking up her case. He subsequently wrote:

"I have today issued Mrs E with a Med 3 for 13 weeks stating she is not fit for work (as she is patently NOT"—

he underlines that—

"fit for work). Like her I have not received any written communication stating that she is fit for work, as I would have expected. She should receive such written confirmation and the way to appeal clearly outlined in that letter. My role is twofold, firstly, to continue to issue a Med 3 (medical statement) and secondly to provide written information for her appeal Tribunal."

He has done that. I do not think that we can overestimate the stress and worry that that incident has caused my constituent.

Julian Sturdy (York Outer) (Con): The hon. Lady highlights the stress that individuals go through during assessments. Several constituents have visited my surgery to explain how they went through such stress. Does not the assessment have to be fair, both to the individual and to the taxpayer, as has been mentioned? Also, is not the assessment becoming a tick-box exercise with a one-size-fits-all approach that does not take into consideration the fluctuating conditions from which people suffer?

Cathy Jamieson: The point about fluctuating conditions is well made. That is exactly the problem. Some people with such conditions, in some circumstances, will be able, with the right support, to hold down employment, but others will not be able to do so, perhaps because of the cycle of their condition or because their mental health is affected. I am concerned that the process in question appears to be a tick-box exercise.

One more example from my case work involved a gentleman who lost a leg and badly damaged the other in a childhood accident. Clearly he suffered as a result of that disability. He was awarded zero points. If the system is to have the confidence of the public and the people being assessed, it must be seen as fair. My constituents tell me that there are so many inconsistencies that they feel that they are not treated fairly, that their individual circumstances are not taken into account, and that the procedure is indeed a tick-box exercise.

Fiona O'Donnell (East Lothian) (Lab): My hon. Friend is making an excellent contribution to the debate. The information in question is in the public domain, and part of the problem is that that means people facing the process have no confidence in it. It causes such stress, particularly for people with mental health problems, that it has even driven some to take their own lives. How can that be defended?

Cathy Jamieson: I hope that my hon. Friend will understand that I take such issues seriously. I am very concerned to hear that she is aware of people being driven to such drastic action as taking their own lives. Going by the correspondence and contact that I have with constituents, I can say only that I know just how difficult it is for people, and that many feel they cannot face the appeal process—particularly those who have suffered from a condition for years and who feel that the process is undignified and that they do not get the right help and support, and who perhaps do not know to whom to turn.

Michael Connarty (Linlithgow and East Falkirk) (Lab): I echo everything that my hon. Friend says about the appeals process and the total lack of credibility of Atos. Earlier, she mentioned the systemic problem of DWP officers overruling all of the evidence, even that from Atos. Will the Minister address the fact that many people who are told that they cannot work again are

[Michael Connarty]

suddenly taken off the support system in the DWP and put on to the other system, thus causing them great problems? They are made to go through rituals of training and work interviews when everyone agrees that they cannot work again. Surely that power should be clearly defined. If someone is told that they cannot work again, DWP officials should not be allowed to overrule that decision.

Cathy Jamieson: I am sure that the Minister will respond to that point, which is also one that I raised earlier. As I had concerns about the work capability assessments for people with a range of conditions, I tabled some parliamentary questions in a bid to find out how many people had been assessed in my constituency. I was disappointed to be told that such information could only be provided at a disproportionate cost.

After hearing about the experiences of a number of my constituents, I tabled another parliamentary question to find out how many assessments had been carried out on constituents who had cerebral palsy, osteoporosis, MS, who were registered blind, who had hearing impairments, who were on the autistic spectrum, who were carers themselves and who had learning difficulties or mental health problems. Those are the people who had come to me saying that they had had difficulties with the work capability assessment. Again, I was told that such information was not available at constituency level. I hope that the Minister can respond to that and tell me whether that kind of assessment, analysis and reporting will be available by parliamentary constituency in the future because it is in the interests of transparency and it would enable us to make comparisons across different parts of the country.

Finally, I have a couple of points around the issue of Parkinson's, which my hon. Friend the Member for Rutherglen and Hamilton West mentioned in his opening remarks. The Parkinson's Disease Society says that increasing numbers of people with Parkinson's are being rejected from the support group. Between October 2008 and November 2010, it says that 45% of people with Parkinson's who had undertaken the work capability assessment were referred to the work-related activity group instead. As an example, the organisation cited the case of one man who was placed in the work-related activity group despite the fact that his tremor was so severe that he could not hold a pen, walk more than a few steps or button up his trousers himself.

The organisation gives examples of people having long waits for appeals and receiving inconsistent or inadequate support in the work-related activity group. It talks about the ESA assessment process impacting disproportionately or inappropriately on other benefits, the worry for carers and the knock-on effect on other statutory services.

The Parkinson's Disease Society also gives examples of people who are clearly not fit for work being told that they should get work. A 59-year-old man with Parkinson's says:

"I feel I could work in the right job, with the right support, but none of this has been forthcoming from the job centre, who wished me well but basically said there are no jobs for able-bodied people let alone someone like me. I'm not surprised that only 6% of people in my position get back into work in 12 months. Everything I've done to get back into work I've had to off my own bat."

On the one hand, we have people who say that they want to work and to cope with their condition and feel that they can do so but who are getting no help, and on the other we have those who feel that they are being hounded. That is not the sign of a caring, compassionate and decent system. I hope that the Minister will take account of what Citizens Advice and others have said and that he will not make this a party political issue. There is agreement across all parts of the House that this system is not working in the way that it should. I hope that in his response, the Minister will consider making some changes and give us some hope for the future.

10.24 am

Mark Lazarowicz (Edinburgh North and Leith) (Lab/Co-op): It is a pleasure to serve under your chairmanship today, Mr Williams. I am following a very powerful speech from my hon. Friend the Member for Kilmarnock and Loudoun (Cathy Jamieson). In securing this debate, my hon. Friend the Member for Rutherglen and Hamilton West (Tom Greatrex) has done a great service not just to the House but to the many thousands of people in the country who are affected by the issues. I had a number of points that I wanted to make, but as others still want to contribute, I will restrict my comments to two specific problems with the work capability assessment that arise from my constituency.

My first concern relates to people with sensory impairments. In particular, I want to raise an issue that was brought to my attention by a constituent with a visual impairment. In fact, I raised this case in a parliamentary question with a Minister a few months ago because my constituent was having problems filling in the ESA50 form through the audio systems available to people with visual impairment. After months of difficulties, which I do not have time to go into today, it turns out that my constituent may not have actually needed to go through this process because in November, the DWP changed the criteria by which people are allocated to an ESA support group. I am told that the new rules mean that someone with a hearing or a visual impairment could qualify for a place in a support group, whereas between April and November, the position was that someone had to have both a hearing and a visual impairment to qualify for the support group. That has certainly caused my constituent a great deal of concern. By giving her the wrong guidance, she felt that the DWP had sent her down the wrong road for months.

The Minister of State, Department for Work and Pensions (Chris Grayling): I am grateful to the hon. Gentleman for allowing me to intervene. I will respond to all the detailed questions in my remarks. On this specific point, there have been no changes to the rules around referrals. There were no changes in November. We have updated our guidance, which we do as a matter of routine, but there have been no changes to the formal rules.

Mark Lazarowicz: I understand what the Minister is saying, but the guidance was updated to reflect some of the difficulties that had been raised. The view of the Royal National Institute of Blind People is that Atos

may well have been wrongly assessing people between April and November. That may have been the fault not of Atos, but of the incorrect guidance. Will the Minister tell us how many people were wrongly assessed and why there was a need to issue new guidance? Why was my constituent required to go along a road which she did not need to, given the fact that new guidance was issued?

My second point covers the position of people with mental illness, which has been raised by a number of colleagues in this debate. I refer to a report produced by the Consultation and Advocacy Promotion Service, which is an independent advocacy organisation that operates from Edinburgh, Midlothian and East Lothian. The report describes the experience of people with mental health problems going through the work capability assessment process. Again, if time had been available, I would have gone into great detail. Instead, I will simply report its main conclusions.

The work capability assessment for employment and ESA is not designed to assess accurately the needs of people with mental health conditions. It causes a high level of stress and anxiety in people with mental health conditions and, in some cases, it may even make their condition worse. It does not cater for fluctuating conditions, nor does it accurately record how those conditions affect people's ability to work. That is an experience that many Members will have heard about in their surgeries. I hope, following the Harrington review, that we will see some improvements in that area.

Finally, we are all experiencing these difficulties because of the way in which the process was hurriedly rolled out across the country. We will face, over the next few months and years, even more dramatic changes to the whole welfare system. If we do not learn from the mistakes that we have made so far, we will find that the problems relating to the work capability assessment process are repeated many times throughout the country. Many more people will suffer. Many more people who could get into work might not be able to because they will not be given the support. Many people who will not be able to get into work will be driven to desperation because of the difficulties that they will face. At the end of day, it will also cost the public purse much more money, which none of us wants to see happening.

I hope that the Minister will recognise that we are not trying to make political points. It is not a political issue; we raise it because we hear from our constituents in our surgeries throughout the country every week and we want action. Opposition Members would certainly be beating down the door of a Labour Minister if we were in government and there were the same kind of problems. We need action and assurance. We certainly do not need complacency from the Minister and I sincerely hope that we do not get it in his reply today.

10.30 am

Huw Irranca-Davies (Ogmore) (Lab): I thank my hon. Friend the Member for Rutherglen and Hamilton West (Tom Greatrex) for introducing the debate and I thank other hon. Members for the way they have spoken on behalf of their constituents on an issue of genuine national interest. We could all, across parties, cite chapter and verse on the people who come to our surgeries and citizens advice bureaux who have been made desperate by the system's failings. My hon. Friend the Member for Edinburgh North and Leith (Mark Lazarowicz) made the point that if the same situation occurred under a Labour Administration—the Minister has inherited some of this, but the national roll-out before we have solved the problems is a significant issue—we would say the same thing to a Labour Minister: how do we change this to make it work?

I have not only seen constituents, but have regularly been to appeals and seen Atos do assessments as well. I have seen the process first hand all the way through, not only when the constituent arrives in my office and says, "What is happening? Why is my life being destroyed for months while my benefits are suspended? I'm taken off benefits and then seven months later, my appeal goes through successfully, along with a huge proportion of others." I have seen the process, and as a former Minister who was previously employed in private industry looking at systems management, I can tell the Minister that this is not working. There is a genuine issue and the process and procedures are not fit for purpose—it is so damn obvious when there is this number of successful appeals.

The underlying principle that the Minister must work with is compassion, and we would support him in that, but the system lacks compassion. It has to be fair to both taxpayers—a point made earlier—and those who are going through the process. There are people who are unable to elucidate their circumstances fully when they fill in a form and who are not going to give 101% when they sit in front of somebody tapping into a computer keyboard without making eye contact. There are doctors who will not spend 15 minutes filling in the long narrative history of a medical condition that would lead to the right decision in the first place. Therefore, when people fill in the form for the first time, the vast majority do not fill it in in the detail needed. It is a tick-box exercise, and people have a lot of fear and misunderstanding over that. They tend to come to us, as MPs, after they have failed and are going in for the interview. We say to them, "Take someone in with you, because at least then they can give you some support and guidance."

The system must be based on compassion, and at the moment, it is not. I say that because I have seen the Atos procedure and the interview, and interestingly, even though I went into the office in Bridgend to see it, I was not allowed to sit and watch an interview, even if somebody was willing, but I could see the appeals. The staff were very kind and as informative as they could be. I was allowed to watch an abbreviated recording of a mock-up interview, in which we saw minimal eye contact, because there cannot be eye contact when someone is tapping away at a keyboard and asking, "How did you get here today? Oh, so you did that," and then goes on to the next question and the next. It is completely different from the panel. I was allowed to sit and watch it taking place for three hours, with four people—lay people, someone from a medical background and someone from a legal or judicial background—genuinely dealing with individuals with compassion.

I shall give the Minister an illustration of what should be happening to cut the cost for the taxpayer further downstream. A young chap walked in and sat down looking completely healthy. He was in his early 20s. He had someone with him, as one should have at an appeal. The panel started asking him questions. He looked

[Huw Irranca-Davies]

completely fit. "Do you go out with your friends?" "Yeah, I go out with my friends." "Do you socialise regularly?" "Yeah, I tend to go out every Friday night." Based on those kinds of questions and the fact that he could walk a certain distance, that guy had been declared completely fit for work. When a gentleman on the appeal panel asked him where he lived, he replied, "Merthyr." The panel just happened to know Merthyr. "Where do you go out in Merthyr?" "Town centre." "When you go out socialising with your friends on a Friday night, where do you go? Do you go to clubs?" "No, we don't do that. We just mooch around town." "Where do you go?" "We get off the bus and walk right to the centre of town." "How far is that?" "From the bus to the town centre is about 50 yards." "I know Merthyr quite well, so do you then go to the rugby field?" "No, I don't." "Why not?" "Because if I walk more then 50 yards, I not only get out of breath, but collapse with the condition I have." None of that detail comes out in the initial stages. I am not saying that we have to flip the process round completely, but its lack of compassion, tick-box nature, lack of fairness to the taxpayer in allowing costs to escalate down the chain and to the individual, and the concerns over good decision making and managerial process mean that it simply is not working.

My message to the Minister is straightforward. The worst thing in the debate would be for him to go into denial or to say that the system is bedding in or just needs a bit of tweaking. There are fundamental issues with the design of the process, and the number of appeals that are successful when the right information is in place and the sheer superficiality of the initial contact with Atos show that the system is not working. I note the earlier comments about whether Atos follows procedures correctly. Whether the problems are inherited or caused by the new work capability assessment or by the national roll-out, the procedures at the Atos end are simply wholly inadequate.

The Minister could save the taxpayer a lot of money if he got this right. He could save a lot of angst and worry, not only for those with fluctuating conditions, sensory impairment or other needs, but for those who are genuinely trying to be honest and fair about their condition and those who want to work if they are fairly assessed. At the moment there is a terror of going through the process. When people come to my office now, I cannot give them a lot of hope, as an MP, about fairness in the system.

My hon. Friends have mentioned the statistics and the national analysis by Citizens Advice and others. As much as the press loves to scaremonger and paint pictures that vilify some of these people and their "scrounger mentality"—"Get them back into work!"—there are many people who want to get back to work and many others who are being unfairly put through pain and anguish when they should not be, such as those suffering from long-term conditions.

Redesign the system, so that it has compassion and is expert-led at the gateway, and improve communication between the Departments. Do not go into denial. This is not a matter of blame. We do not blame the Minister, but we will if he does not solve the problem, because it is now on his watch. We will applaud him if he can turn this round, because we also want people back in work. The great innovation was to turn the system round to take the emphasis away from incapacity and towards capacity—what can people do? There is cross-party support for that, but the changes must be driven with compassion and fairness all the way through. At the moment, the system is wasteful, inexpert and, in terms of processes and management, shot full of holes. Please make it fit for purpose and we will be here in six months applauding you.

Hywel Williams (in the Chair): Order. I have no power whatsoever to make it fit for purpose. The hon. Gentleman's remarks should be directed to the Minister.

10.38 am

Richard Fuller (Bedford) (Con): I am conscious of the time, Mr Williams, so I will be as brief as I can. I congratulate the hon. Member for Rutherglen and Hamilton West (Tom Greatrex) on securing the debate and I encourage him to try to secure another debate later in the year, because the process is ongoing, will involve more people, and more issues such as those we have heard about today will come forward. The opportunity to bring such matters to the Minister's attention is important. We are dealing with the human consequences of failures in a bureaucratic, state-driven system—in this case, incapacity benefit. Similarly, many hon. Members have seen the failures of the immigration system, and its human consequences for our constituents and for people around the country.

Jake Berry (Rossendale and Darwen) (Con): In my constituency, I have had the experience of the fit for work tests being piloted in the Burnley benefits centre. There has been an extreme improvement through the pilot scheme to where we are now. There is more we can do, but I echo my hon. Friend's thoughts about waiting for the completion of the process before we pass judgment.

Richard Fuller: I appreciate that intervention from my hon. Friend.

I would like to place in context some of the concerns we have heard about; first, about being assessed. It is quite natural to expect people to have concerns, as we are making a significant change to people's lives. In many comments, the issue has not been a generic concern relating to assessment, but a concern about specific types of conditions and cases. Will the Minister confirm that for every 100 assessments, nine people who are found to be fit for work go on to win their appeal? That means there are 91 people who fit into another category.

One fluctuating condition that has not been mentioned is alcoholism, and people who have chronic, long-term alcoholic conditions. One constituent who came to see me had his papers from assessments in the 1990s. Will the Minister provide confirmation on that?

Although it does not relate directly to the debate, part of work capability assessment is that there is then work. In today's conditions, what can the Minister say will be on his agenda to try to encourage some of these people into work at the end of their assessments? There is much more I would like to say, but because of the time I have to stop there.

10.41 am

Stephen Timms (East Ham) (Lab): I congratulate my hon. Friend the Member for Rutherglen and Hamilton West (Tom Greatrex) on securing the debate. We have heard some important and telling points.

As we have heard, the previous Labour Government introduced the work capability assessment as part of the change from incapacity benefit to employment and support allowance. Incapacity benefit did not help people with long-term sickness or disability back into a job. In fact, in 1997, the vast majority of people in receipt of incapacity benefit were simply abandoned; in many cases having been encouraged to move on to that benefit to reduce headline unemployment.

We started, experimentally, with the new deal for disabled people, which was a striking innovation at the time. I am pleased that the Minister has sought to build on the lessons of that programme, and from pathways to work which followed, into the new Work programme, and the ESA was the next step in that process. The WCA was designed to look at applicants' functionality, and to assess whether each applicant was fit to return to work, fit to undertake work-related activity, or not fit for either.

Atos was contracted in 2005 for seven years. The current Government opted to extend the contract for a further three years in November 2010—the contract now runs until 2015—and will soon need to decide whether to take up the option to continue the contract to 2017. That decision needs to be influenced by the kind of experiences that we have heard about in the debate.

It is clear that the system has been overloaded. There needs to be change for it to function properly, so we support fully the implementation of the first Harrington review and much of the second. We regret that the Government pressed ahead with implementing the Department's internal review last year, given the widespread consternation about the findings of that review. We were particularly concerned by one aspect of Professor Harrington's second review, which proposed that some cancer patients, who until then had been exempted from a WCA, should no longer be exempted. Macmillan Cancer Support was concerned that that would put greater stress on cancer patients when they ought to be concentrating on recovery. It was a particularly frustrating development for everyone. I hope that the Minister will be able to tell us this morning—if not this morning, then in the debate in the House this afternoon—that there will be something of a climbdown on that point.

I am anxious to ensure that the Minister has the time to answer fully the points that have been put to him, so will shorten my remarks. We have still to hear—apart from the point about cancer patients—about a number of other proposed changes that the two WCA reviews have recommended. What is being done on the new descriptors that cover fluctuating conditions—on which we have heard a good deal in the debate—and mental health conditions? There have been some helpful recommendations on those. When will the results of the pilots on recording assessments be released and responded to by the Government—a point also made in the debate?

It is worrying to hear that capacity pressures are restricting the ability of Atos to implement the Harrington recommendations. There needs to be better communication between Atos health care professionals and decision makers in the Department for Work and Pensions if we are to reduce the number of mistakes made in WCAs and the current, astonishingly high number of successful appeals.

I should like to draw attention to an issue that has not yet been raised and is a practical consequence of the problems and delays in the WCA system. The DWP recently revised its estimates of the number of people receiving ESA who will go into the Work programme, which the Government introduced in June. The forecast of the number of people going into the Work programme has been reduced dramatically, and the bottleneck in the WCA seems to be a major part of the explanation. Will the Minister comment on that? It is one of the key reasons why a number of small voluntary sector providers, which are contracted to the Work programme, are now at risk. Groups with specialist expertise to help people with particular health problems are receiving far fewer referrals—therefore, a far lower income—than they were encouraged by the Government to expect. In some cases, they have had no referrals at all since the Work programme started in June. Some are saying that they will have real trouble staying in business at all.

Problems with the WCA, as we have heard, could turn into a serious loss of capacity in the voluntary sector. People then left with no specialist help available would be in a worse position still. How will the Minister ensure that the WCA is refined? When will he introduce the changes that have been called for by charities and Professor Harrington? What assessment has he made of the capacity of Atos to implement those improvements? Will some of Professor Harrington's recommendations not be implemented, as has been suggested, because of the capacity pressures in the system?

Ministers have defended their decisions about the welfare system on the basis of the need to save money. However, it is very important, particularly for Ministers in this Department, not only that they are saving money, but that the system that they are responsible to Parliament for is working fairly. All hon. Members who have spoken in the debate are absolutely right to highlight the fact that, with this part of the system, there is a long way to go.

10.49 am

The Minister of State, Department for Work and Pensions (Chris Grayling): Let me be absolutely clear—particularly in relation to the comments made by the hon. Member for Rutherglen and Hamilton West (Tom Greatrex), who proposed the debate, and the hon. Member for Ogmore (Huw Irranca-Davies)—that we are trying to do the right thing. We are trying to identify people with the potential to go back to work and provide them with the help to do so. Sometimes, those people will have a health condition—in the United Kingdom, 7 million people with a health condition are in work—so the number of points that people receive in the work capability assessment does not automatically mean that they do or do not have a health condition. The judgment is all about helping people return to work, perhaps in different roles. Their health condition might prevent them doing what they did before, but that does not mean that there is nothing they can do.

I approach this debate in a non-partisan spirit, but I want to explain the time lines to hon. Members, so that they understand exactly where we are in the process. In

[Chris Grayling]

June 2010, 18 months ago, prompted partly by a report from Citizens Advice but also by concerns such as those raised by hon. Members, I asked Professor Harrington to take a careful look at a process that was already well under way. Employment and support allowance and the work capability assessment were established in 2008. The work capability assessment had been working since 2008. Statistics on the growth of appeals matched the flow of new claimants into ESA and worked down to some change 18 months ago, but I was unhappy that the process did not seem to be right, so Professor Harrington went away, reported in November 2010—interestingly, the date at the end of the period that the hon. Member for Kilmarnock and Loudoun (Cathy Jamieson) mentioned when she quoted the Parkinson's statistics—and made several recommendations to us.

The right hon. Member for East Ham (Stephen Timms) made a point about pilots and roll-outs. Crucially, we did not simply pilot the work capability assessment and then start it. At that time, the questions that we were addressing were whether we could sort out the process and whether we should go ahead and roll out incapacity benefits, which would increase the number of people going through the work capability assessment.

Professor Harrington went away and made his recommendations to us, which we accepted in full and have implemented. He told me, "I believe the system is in sufficient shape for you to proceed with incapacity benefit reassessment." We set ourselves a goal to put his recommendations in place, improve the quality of the process and address many of the issues to which hon. Members have referred today by the end of last May, when the assessments in the incapacity benefit reassessment were to start alongside the existing process of assessing ESA new claimants. We did that, and we started.

I have heard a lot today about the number of people who have sat through appeals and the number of cases overturned. It is crucial for hon. Members to understand this. I am almost certainly right in saying—I could not swear to being absolutely, 100% right, because there may be a small number of exceptions—that since the Harrington changes were introduced last summer, not a single appeal has been completed. Therefore, all the examples cited today that relate to the appeals process refer to what took place before the Harrington changes to the system that we inherited, which I accept was not doing the job as it should have done. I want everyone to understand that.

As a result of the Harrington changes, we tried to create a more humane, careful and thoughtful system. We have sought to change systems to provide greater protection to those with long-term problems. The right hon. Member for East Ham referred to the internal review that his Government carried out and that we implemented in the belief that it would increase the size of the support group—those who receive long-term unconditional support—and that is what has happened. We believe that the changes that we have introduced will lead to more people receiving long-term support.

Dr Whiteford: One issue that I raised with the Minister was that of people turning up for appointments and being turned away because they were double-booked. My constituents who were part of the pilot scheme travel, on average, three or four hours to get to and from an assessment. To be turned away when they have had to rely to get there on family and friends who have taken time off work is a real problem. The Minister has apologised to one of my constituents, but has the policy of triple-booking appointments been changed?

Chris Grayling: A situation in which people are treated like that can never be acceptable. Of course, we have an issue with some people not turning up to appointments, and because it is an intensive programme, we do not want a health care professional sitting there without anything to do. Sometimes, we will get it wrong. We will try hard not to, but there is no such thing as a perfect system. That is true of all parts of the system. I openly accept that we will sometimes get it wrong, but we have done everything that we can to create a system that gets it right as often as possible. We have changed the nature of the work capability assessment in the process.

We make a much greater effort to ensure that we have proper medical evidence at each stage of the process from the consultants and specialists working with the people concerned. One reason why so many appeals were successful was that new evidence was emerging only at the appeal stage. We have worked hard to ensure that such evidence comes in much earlier in the process, so if we get it wrong in Jobcentre Plus, we will get new evidence there at a point of reconsideration. That is a crucial change. We are now ensuring that we seek out additional information in Jobcentre Plus before we take the first decision, but we have bolstered the reconsideration process to make it much quicker and more straightforward, so that if we get it wrong the first time, people can get a quick second opinion in Jobcentre Plus. That is crucial to getting the process right.

Katy Clark (North Ayrshire and Arran) (Lab): Will the Minister give way?

Chris Grayling: I will not take interventions, because I have only five minutes and must get through a lot.

We have also tried to make the process more humane. People now get phone calls instead of the generated, standard letters that I regard as impersonal and inhuman. All our measures are part of a process of change that I hope will make a real difference to individuals' experiences—and it is. Indeed, in his second report, Professor Harrington praises those involved in the process for creating a system that he, as an independent figure, regards as much improved.

As constituency MPs, we will always have people coming to our doors saying, "I am being done wrong by," because sometimes, in an imperfect system, we will not have got it right. Equally, however, some people will still think that we have done wrong by them, but three years later, when they are back in work, they will say that it was the best thing that ever happened to them.

About a month ago, I sat with a woman in a Work programme centre who said that she had been off work with chronic depression for 13 years. She told me that she had arrived on her first day in the Work programme and said, "I can't possibly work. This is ridiculous. I don't know why I am here. I am being traduced." A month later, she was doing voluntary work in a charity

shop, applying for jobs and beginning to say, "Actually, this is good." We are taking people through a difficult period in their lives.

I said "rubbish" to the final comment made by the hon. Member for Rutherglen and Hamilton West not because he is not raising genuine issues—although I hope that I have explained their context—but because the system is not about forcing people into work. It is about finding the right number of people whom we can help into work. The alternative is to leave them on benefits for the rest of their lives, doing nothing. I do not believe that they benefit from that.

Tom Greatrex: I was making the point that, given the lack of confidence in the system, many people feel as though they are being hounded rather than helped. That is the crucial matter that must be addressed in the coming period.

Chris Grayling: I accept that, but I genuinely hope that hon. Members will take note of what I said about the time lines and the changes that we have introduced. Professor Harrington said of the concerns highlighted in the Citizens Advice report to which hon. Members referred, "This happened before my changes." I hope that we can send the message that the system is changing and improving and that we are making genuine efforts and will continue to do so. That is why we changed the guidance in November. It is a process of continuous improvement. We want to get it right as far as we possibly can.

I shall try to answer one or two specific questions before I finish. On audio recording, we will offer everyone who wants it the opportunity to have their session recorded. We decided not to implement universal recording because, based on the trial experience, people did not want it. Few people wanted their sessions recorded, and some said that they definitely did not. We decided therefore to offer recording as an option to those who want it. That seems entirely sensible.

Contact between Atos health care professionals and decision makers will be done by telephone. What matters is not the contact between a single person and a block of decision makers, but trying to phone up the decision maker themselves. On capacity issues, as we stand here today, the incapacity benefit reassessment is on time. New claims for ESA have fallen a bit behind, mostly because of the introduction of the personalised statement following Professor Harrington's report. We discovered in the first few weeks that it took health care professionals much longer to complete the statement than expected, so the number of completed assessments dropped. That has changed. They have caught up again, and we are chasing through to clear the backlog, as we are doing with the appeals backlog that we inherited.

Finally, the right hon. Member for East Ham asked about the Work programme. Incapacity benefit reassessments are progressing according to time. The biggest impact on numbers in the programme has been created by the different mix of people coming through and the bigger support group. I am quite relaxed about having a bigger support group, because if we need to provide long-term unconditional support to a larger group of people than we had expected, it shows that we are making a genuine effort to get it right and are being sensitive to the needs of people with disabilities. We want to help them into work, but we want to do it in the right way.

Micro-combined Heat and Power

11 am

Dr Alan Whitehead (Southampton, Test) (Lab): I have been here before—who can forget my seminal Management of Energy in Buildings Bill, a private Member's Bill in 2005, which, among other things, tried to promote deemed permission for domestic microgeneration, or my proposed new clauses to the 2008 and 2010 Energy Bills on plans for the development of micro-combined heat and power and passive flue gas recovery schemes? I am afraid that the blank looks of those present seem to answer that question, but I am here to have another go.

Mr Andrew Smith (Oxford East) (Lab): I am grateful to my hon. Friend for giving way so early in his contribution and congratulate him on securing this important debate and commend his expertise. I assure him that he did not receive a blank look from me—he has been a path-breaker on this issue and is leading the way once again.

Dr Whitehead: I thank my right hon. Friend for ruining my opening statement about the incomprehensibility of my previous arguments, but I am grateful to him for his support and cognisance.

I am armed today with substantially better prospects than at any stage hitherto as far as micro-CHP is concerned. What is micro-CHP and why am I so exercised about it? Put simply, it is a rather prosaic technology which, while it will probably not induce conversation at dinner parties, is potentially important for all of us, because most of us possess something that looks remarkably like a micro-CHP unit—namely, a boiler. So this is about boilers.

Members will remember how a previous boiler revolution—in which I was pleased to have had a hand in developing revised building regulations—has probably been responsible for reducing more domestic CO_2 emissions than virtually any other measure of recent years. I am talking of the specification in building regulations that condensing boilers should be installed in homes. That measure was implemented in 2005 and changed the face of boiler installation in the UK. Within a year, more than 85% of new boilers installed were condensing. They were 20% more efficient than traditional boilers, saving about 15% of gas consumption as a result.

A micro-CHP boiler goes into a kitchen or on a wall in exactly the same way as a standard boiler. It also heats the house and provides hot water in the same way, but it is powered by a Stirling engine, a Rankine cycle or—this will be the case in the near future—a fuel cell boiler, all of which are efficient and produce electricity alongside their heating duties. A typical domestic installation produces, effortlessly and alongside the normal heating of the household, about 1 kW of electricity, so it might generate 10 kW of electricity over a winter's day of heating, which is equivalent to the output of a 3 kW solar installation on a sunny day.

Micro-CHP boilers have been promising for some years. The Stirling engine was invented in 1815 and has been promising since then. Indeed, I first visited the site of the then EcoGen boiler plant in Peterborough in 2002 and was told that the product was about two years from market, but it was not, and nor were other micro-CHP plants, and I think that some people have lost a little faith in the products over the years. Now, however, very efficient micro-CHP boilers are on the market. They work well and are coming down in price with larger-scale production. I visited Ceres Power in Surrey during the autumn. It is developing an even more efficient fuel cell boiler and I am confident that it will come to market in the near future. The products are now there and, if we have the imagination, are set for the second boiler revolution.

The simplicity of such a revolution has already been demonstrated. People will have boilers in their homes for the long-term foreseeable future. What is more, about 1.5 million boilers break down or retire and are replaced every year, so it is not difficult to see that, if future building regulations favour micro-CHP boilers as replacements, that would happen not with a great deal of fuss or with many lifestyle magazine articles, but with a further leap forward for domestic energy sustainability, which we will have to work on urgently over the next few years, as the Minister of State, Department of Energy and Climate Change, the hon. Member for Bexhill and Battle (Gregory Barker), is well aware, with the emergence of the green deal and the energy company obligation.

The potential of 1 million boilers installed by 2020 is, on any reckoning, considerable. Not only would that level of installation generate about 20 GW of electricity on a typical winter's day—which is about equivalent to what we import via interconnectors on any given day—but 1 million householders would save considerable sums on electricity through self-generation, for which there is considerable appetite, as suggested by the upsurge in solar photovoltaic installations. Micro-CHP-generated electricity is eminently compatible with solar PV, because we would generate far greater amounts of electricity at precisely those times of year when solar PV generates least.

The second boiler revolution could act just as dramatically in reducing emissions. Even if those 1 million boilers replace older condensing boilers, rather than non-condensing models, after a 10-year life, they would generate a saving of more than 2 million tonnes of CO_2, which is about half the total estimated CO_2 savings that the Committee on Climate Change has pencilled in by 2020 for the results of greater efficiency in household appliances. That would be a dramatic contribution to emissions abatement.

The heating and hot water taskforce produced the "Heating and Hot Water Pathways to 2020" report last year. It underlines the potential and relative straightforwardness of the revolutionary path:

> "Since it is a boiler replacement the route to market is already well established. With over 1.5 million gas boilers installed in UK homes each year (most of which are replacements) the potential market is huge. Also as a direct boiler replacement there is likely to be less installer and consumer resistance compared with other low carbon technologies.
>
> MicroCHP has been said to have the greatest mass market potential of any emerging low carbon domestic microgeneration solution. Studies have shown that microCHP could displace as much as 90% of existing boiler sales."

That is the ambition that we could set ourselves.

I have given the sunny uplands vision, which will be generated, possibly, by nothing more than a stroke of a pen on a building regulation during the next few years.

Mr Andrew Smith: Before my hon. Friend leaves the sunny uplands, is not another of their aspects the fact that a lot of the technology's development has taken place in this country, so, as well as its environmental benefits, it has industrial and employment benefits? We do not want this to be another industry in which breakthrough developments happen in this country, only for the commercial exploitation to go abroad.

Dr Whitehead: I thank my right hon. Friend for that important point, although I am slightly worried that he may have broken into my office and looked at my speech, because I am about to address that precise, important point on this clutch of technologies and their developers.

After the sunny uplands, we have to look at the reality, which is somewhat different. The industry has, on few resources, determinedly placed itself in a position in which it can supply reliable boilers over the next few years to the quantity that I have sketched out, and in so doing substantially reduce the cost differential between micro-CHP and conventional boilers. As my right hon. Friend has mentioned, the UK industry is a world leader on the technologies.

Caroline Nokes (Romsey and Southampton North) (Con): The UK is a world leader in all sorts of microgeneration. Is the hon. Gentleman aware that SEaB Energy on Southampton university's science park is generating micro-power in shipping containers? That might not be on the domestic scale of boilers, but it is proof that in the UK we are world leaders at coming up with innovative ideas and working out how we can generate power on a small and sustainable scale.

Dr Whitehead: I thank the hon. Lady for making that point. Indeed, the Southampton university science park is the base for leadership of a number of innovations in microtechnology, renewables and wave and tidal power. I am familiar with a number of the developments that are taking place there. It is a good plus for both our constituencies that that science park is producing such good work in the area of microgeneration.

The wider deployment of micro-CHP could, as my right hon. Friend the Member for Oxford East (Mr Smith) said, be beneficial for UK jobs. My colleague and next-door parliamentary neighbour, the hon. Member for Romsey and Southampton North (Caroline Nokes), has alluded to the fact that micro-CHP is very good for development and technological advances. The problem with our world lead in these technologies is the fact that, in truth, not many boilers have been deployed yet. Indeed, the initial results of the inclusion of micro-CHP boilers with the feed-in tariff programme last year—a pilot of 30,000 micro-CHP boilers was reviewed after the first 12,000 installations—have been less than sweeping, with only about 200 FITs payments taking place so far within that pilot.

However, that has to be set against the background of the very modest FITs payments allowed for micro-CHP: only 10.5p, along with a 3.1p export tariff. The figure of 10.5p is close to the starting marginal cost element considered to be generic for all renewables of 9p. That is the equivalent of support for large wind resources and is way below the 5% or so return on investment that is considered to be the sort of level that will attract investment decisions among householders and small businesses.

Of course, although micro-CHP is energy and climate efficient, it does not qualify for the renewable heat incentive as far as heat production is concerned for the obvious reason that, all other things considered, it is not fuelled by renewable energy. However, of course, it could be supplied in the form of biogas on an off-grid basis. I am not sure whether the Department would, in those circumstances, accept that micro-CHP would qualify both for RHI and FITs, but I imagine that that is a debate for another day. The fact of the matter is that a technology and an industry that can do great things are now waiting. The sector needs the confidence and future intent to enable it to scale up to the levels needed to produce a large intervention in the UK's boiler landscape at a price that will eventually be at or close to those of more established boiler installations.

In the meantime, the industry needs some assistance in kick-starting—for example, the 30,000 installation pilot limit could be removed, so that there can be investment in a mass rather than a niche future. The allocation of a feed-in tariff of perhaps 15p per kWh would, along with the export tariff, enable a return even on present prices of about 5% to be achieved. I am confident that that allocation would be short-lived, especially if the Minister were to use his powers of persuasion to convince his counterparts in the Department for Communities and Local Government that a revision of part L of the building regulations in a few years' time is appropriate. At that point, I imagine that no feed-in tariff support would be needed or necessary.

I hope that the Minister will be able to provide me with some positive encouragement for these very modest proposals in respect of micro-CHP, not least because, if he is not able to do so, I will have to come back and say it all over again. He will therefore have the pleasure of going through all this again—by the way, that is not a threat.

I am concerned that, if no early support and encouragement is given to micro-CHP, someone else will take it off our hands and we will not have the presence, the technical imagination and the investment capacity of the hard-won position our industry is now in. That will have gone or withered and we will be playing catch up. We need that support to come now. We are talking about an extremely modest investment by the Government—perhaps 2% of the FITs budget up to 2015, or far less than that if there is some clever management of the FITs budget. That 2% or less would have a potentially enormous payback for householders and Great Britain plc alike.

11.15 am

The Minister of State, Department of Energy and Climate Change (Gregory Barker): I am very grateful to the hon. Member for Southampton, Test (Dr Whitehead) for initiating the debate. He has unrivalled expertise and parliamentary experience in this sector. I am delighted that my name will be linked to his long crusade going back over a decade on behalf of these technologies.

I share the hon. Gentleman's excitement and belief in this technology. When I was in opposition, I began considering the issue of decentralised energy and its

[Gregory Barker]

potential to be part of our carbon reduction transformation. This technology has the potential to engage consumers in the energy sector and make them more self-reliant and more conscious of their consumption. It can also provide the opportunity to export. All of those things are good. If we can get micro-CHP right, it can play a far larger role in driving the decentralised energy revolution that we want to see—perhaps even more so than some of the other technologies that are sometimes considered to be more glamorous and are grabbing the headlines. Not every home in Britain can have a solar photovoltaic panel on its roof or be in the right place, but very few homes would not benefit from a micro-CHP.

Like the hon. Gentleman, I have been frustrated by the lack of progress and the missed deadlines for the introduction of a wide, scalable, consumer-friendly roll-out. When I was retrofitting my home in 2006-07, I was very keen to get one of the new micro-CHP boilers. Among all the other interventions I was making on my house, it was the one piece of kit that I was really keen to get. It took more than a year to do the retrofit. During that time, we were constantly promised that the boiler would be arriving and it never came. In fact, I left the house as I no longer lived there and, in all that time, it never came—despite being tantalisingly close to getting one and having seen the model.

The hon. Gentleman is right: we need the industry to respond. I recognise that there is a clear role for Government leadership. I can understand the reactions of the industry to investing in innovation, research and development to bring micro-CHP boilers to market, not just as an interesting gadget or as an alternative method of delivery, but as an attractive, price-competitive alternative to taking electricity from the grid or installing a conventional boiler.

The hon. Gentleman is right: the condensing boiler revolution is a great unsung part of our success during the past decade at reducing our carbon emissions. I do not have the figures to hand, but I am sure that he is right. That fairly simple intervention of jump-starting or pushing forward an advance in relatively simple technology had a massive impact. As a result of him having reminded me of that, I will go away and think about whether we have that transformational push in our current policy landscape, with its focus on feed-in tariffs and heat tariffs as a means of pulling through with its very expensive 25-year tail. Is that necessarily the universal panacea that we need?

I do not want the hon. Gentleman to think that we are not committed to providing a feed-in tariff for combined heat and power, because we absolutely are. We are consulting on tariff levels and I will be publishing our proposed levels very shortly—within a matter of days. I will be introducing a new tariff proposal for CHP. Unlike in almost all the other technologies, I will be looking to raise the tariff in those proposals. I do not think that I will be able to satisfy the hon. Gentleman's demand for 15p, but I am considering raising the tariff.

I have to be honest about the tariff. It is difficult, in the current climate, to make the argument for swimming against the tide, when some other technologies are facing substantial tariff reductions. We are constantly demanding that they deliver greater value for money to the consumer. We are putting any form of subsidy under close scrutiny in the light of the impacts on people's bills. That is warranted in respect of micro-CHP. The role of the feed-in tariff is not to provide a long, indefinite subsidy to particular technologies. If there is never any hope of a particular technology being able to deploy without subsidy in a reasonable time frame, it is hard to make the case for our subsidising that technology rather than others.

If micro-CHP can scale up, that represents potential. However, it is unlike other technologies. The hon. Gentleman is right. There are other policy levers apart from feed-in tariffs, which are a useful signal, and, let us face it, we have that policy tool in our hand now and we should not ignore its potential, but we may need to come back to other policy levers if the feed-in tariff alone does not send a strong enough signal.

I share the hon. Gentleman's ambition for the mass deployment of CHP. If we can get that technology to gain customer acceptance and if the industry can come forward, his ambition of 1 million boilers by 2020 is something that we should think about. The industry needs to hear that message. I should like to test that ambition to find out whether it is credible and feasible. I do not want to posit another number and see the same level of progress as in the previous decade.

The hon. Gentleman is right. Back in 2002 there was lots of talk about the potential roll-out. The first phase of the feed-in tariff scheme for micro-CHP has been beyond disappointing. The number of boilers is almost non-existent: a fraction. We set the 30,000 limit, worried that there would be a surge of deployment, but there has been 1% of that.

I am mindful that we need to revisit Government support and leadership. I assure the hon. Gentleman that, in this Minister, there is someone who is interested in this agenda. That is why I set up the distributed energy contact group, which involves all the key players on combined heat and power and decentralised energy. I want to embed that in policy thinking at the Department of Energy and Climate Change, not just in response to one idea, but building on the success of our microgeneration strategy last week, for example, when we had terrific buy-in from stakeholders throughout the sector. I want to build that now and ensure that decentralised energy is right at the heart of thinking in the Department, which—let us be honest—in the past has tended to gravitate to larger-scale energy solutions. We all know that; it is not a secret.

I assure the hon. Gentleman that, under the coalition, we are trying to be more permissive with our ideas in considering the potential of a range of technologies. I am personally committed to driving the decentralised agenda—not just introducing more competition in large-scale generation, but introducing viable consumer models that will work at distributed and microgeneration level.

The hon. Gentleman is right to say that it will be a challenge to decarbonise heat and electricity in homes. It is a big challenge that we will have to tackle on a number of fronts. There is no silver bullet that will allow us to do that. A lot of attention is on the solar PV industry, which takes a significant amount of subsidy—more than 90% of the feed-in tariff budget. The hon. Gentleman knows that it is an attractive technology. The way that it is going, from being the most expensive technology, is exciting. Rapidly falling costs mean that it could reach grid parity, potentially, even within this

Parliament at larger scale and, certainly, for the consumer within the decade, and could be cost-competitive with other large-scale renewables within a year or two. The price falls are exciting. However, it is not the only technology out there.

In respect of the carbon footprint, when retrofitting my home I was as keen as mustard to install solar PV, because apart from a micro-CHP sticking some PV panels on is the other whizzy, exciting thing that can be done. Arup surveyed my house, before the feed-in tariff had come in, and it was made clear to me that that was the least cost-effective thing that I could do if I was serious about reducing the carbon footprint.

There is a clear hierarchy when considering reducing the carbon footprint and improving the efficiency of a home. It has to start with energy efficiency, which is why the green deal will put a big emphasis, and a new push, not just on cavity wall and loft insulation, but on whole-house retrofits, including solid walls, windows, doors and the range of interventions to improve the total envelope of the building. After that, renewable heat must be considered and then microgeneration. It is in that order that we should prioritise subsidy, leadership and interventions.

Mr Andrew Smith: I am encouraged by the Minister's positive commitments. Is not another advantage of micro-CHP that it will supply most electricity at the times of peak demand for electricity, which is not always so with alternative technology?

Gregory Barker: That is a good point. It is on tap, which is the benefit of it.

I am excited by the innovation that the hon. Member for Southampton, Test mentioned. Traditionally, a lot of the CHP boilers have needed a high heat load—a 5:1 ratio in terms of heat and electricity—but some of the new hydrogen models offer almost a 1:1 ratio. I am not the expert on that; the hon. Gentleman is. It would be a much more attractive proposition for people if they could use such a boiler in the summer, when they are not using their heat load except for hot water, or in the winter when only using a marginal heat load because they have taken all steps to insulate their home to a much higher level.

Developments in CHP now mean that, rather than just having a marginal by-product of a large heat load, it can offer an exciting balance between heat, which we hope to reduce demand for by making our homes more energy efficient, and electricity, which we anticipate there will be an increased demand for as we increasingly go towards a more electrified economy, if I can put it like that.

I reassure hon. Members that we will consider support for micro-CHP as part of the comprehensive review of feed-in tariffs, and I will come back with those proposals shortly. But I by no means regard that as the end of the matter. As we encourage take-up and begin to go beyond the pilot stage, we must revisit the scheme to ensure that subsidy is sustainable. Certainly it would not be sustainable to reach a million homes with the sort of level that we are talking about. That is why we have a sensible cap at 30,000 units. But let me be clear, the feed-in tariff would go beyond that 30,000. I think that is meant to signal a limit in terms of a sensible budgetary constraint on being able to subsidise at that higher level that number of units. I certainly anticipate a long-term future for the feed-in tariff for micro-CHP, but I do not rule out other policy interventions being necessary in order to jump-start this particular technology. The microgeneration strategy that we published in June 2011 is also helping us to stimulate the microgeneration industry, developing the solid steps that were taken in previous years, and I commend the work of the Government supported by the hon. Gentleman.

I thank the hon. Gentleman for calling this important debate and look forward to working with him constructively on a cross-party basis where there is a lot of consensus on where we need to travel. We now have to do the difficult work of ensuring that we have sufficient deployment.

11.29 am

Sitting suspended.

Community Sports Facilities

[MR PETER BONE *in the Chair*]

2.30 pm

Charlotte Leslie (Bristol North West) (Con): It is a pleasure to serve under your chairmanship, Mr Bone.

So often, sport is limited to the last letter of the DCMS—the Department for Culture, Media and Sport—but sport is much more than that. If we are talking Government Departments, sport reaches into issues that concern Ministers of Health, Education, Business, Innovation and Skills, Work and Pensions and the Home Office.

2.30 pm

Sitting suspended for Divisions in the House.

3.8 pm

On resuming—

Charlotte Leslie: It is a pleasure to resume the debate under your chairmanship, Mr Bone. I was talking about the importance of sport, and how it reaches into all sorts of areas that are covered by Ministers in the Department of Health, the Department for Education and the Home Office, and I want to argue that sport, and the way it is managed, is crucial to the Treasury and matters financially to our country. The way that community sport and its facilities have been funded and organised in the past has overlooked the great business and community potential of our nation, and a real opportunity exists.

Seldom has the significance of sport for our country's well-being been in sharper focus than following the August riots that were carried out by disaffected youth, with the London Olympic games glinting over the horizon. Seldom has the need for a nationwide Olympic sporting legacy of aspiration, effort, achievement, action, consequence and reward, which reaches out to all our communities, been more keenly felt.

The UK is the most obese nation in Europe, and obesity costs the NHS £4 billion a year. Within four years, however, that figure is projected to rise to £6.3 billion. Diabetes is also on the rise. The NHS currently spends £715 million on drugs for diabetes, and by 2025 it has been forecast that 25% of the NHS budget will be spent on diabetes alone. Quite simply, if our NHS is to survive the demands put on it by an ageing population, changing demographics, more expensive treatment and ever-rocketing expectations, our population must change its body mass index and its lifestyle.

Something else is often overlooked. Sport is vital not only because of the calories it burns, but because of the mindset it involves. Crucially, it entails a sense of delayed gratification: if we do not take the easy option now, but do something that initially takes a bit of effort, such as going for a jog instead of having that nice second cup of tea and that slice of cake, that will have benefits later, because we will lose weight and look good in that outfit we want to wear. At the sharp end, it is about what my brilliant former swimming coach Eric Henderson called "no pain, no gain".

That is important not only for the physical benefits, but for the sense of achievement that comes from making that effort, resisting that cake and reaping the rewards of seeing oneself get fitter and make progress. That starts a virtuous circle of achievement, as we believe and see that we can do something, and that, crucially, is what builds self-esteem. That is where sport is so important for young people, particularly the kind who were involved in the riots over the summer.

I have seen first hand the extraordinary effects that sport can have on young people who are most likely to fall into a lifestyle involving gangs and riots. As the chair of the all-party group on boxing, I have seen how powerful boxing is in turning a kid with all the energy, inclination and anger to riot into a responsible and exemplary role model for other young people. I think of inner-city clubs such as the Riverside youth project in Bristol, which is managed by the amazing Dennis Stinchcombe, and which is sending one of its boxers to the GB team this year. Other sports also have a huge impact, and I will mention them later.

Why does sport work? There is the release of pent-up aggression and energy, the structure and discipline that are often so lacking in young people's home lives and the respect for role models—often male—which frequently do not exist at home for young people. Crucially, there is also the building of self-discipline, self-respect and self-esteem through a cycle of putting effort in and seeing positive results come out.

Simon Hart (Carmarthen West and South Pembrokeshire) (Con): My hon. Friend may come to this, but does she agree that where sporting achievement can be measured, so, too, can its positive effect on academic achievement? The one leads to the other, and there is increasing evidence of that. That is another example of how the Government should see these things as an investment, rather than as a cost.

Charlotte Leslie: My hon. Friend makes a good point. I am making it in a rather long-winded way, but he has made it in far fewer words. The cycle of achievement translates into learning how to get good grades at school by putting effort in and getting achievement out. It also helps people with resisting the easier lifestyle choices that are less good for them in exchange for achieving a better physique and physiology later. That concept of delayed gratification is essential to the concept of achievement, and it is essential if our young people are to fulfil their potential. They have to put that effort in to get the rewards and achieve their life potential.

I turn again to what we saw during the riots. What was striking was that so many of the young people and kids who were rioting talked about having nothing to lose. The reason they did that is that they could not really see they had anything to gain; they did not know how to achieve, and they had no traction on the cycle of achievement. They may have had dreams, and we often talk about dreams in relation to things such as aspiration, but dreams are not the same as goals. Those young people may have had dreams about being a famous footballer, being rich or having a glorious, glamorous wife, but dreams are very different from goals, because dreams are dislocated from reality. Those children could see no way—they had no ladder—to access those dreams.

Goals, however, are embedded in reality, together with some way of getting a rung closer to where we want to be, whether we want to be a famous footballer, to be super-rich or to have or be a glamorous wife, or

whether we want to be a nurse, to start a business or to pass our maths GCSE. Not one of our Olympians will have become an Olympian by just dreaming about it; they will have worked—oh my goodness, how they will have worked—and they will have gone training when they did not want to. That sense of delayed gratification—putting effort in now for reward later—is what will lead our Olympians to the gold medals that I hope and expect so many of them will win.

Nationally, I hope there will be a facility to allow our Olympians to tell the inspiring story of the effort and hard work it took them to achieve those goals, which are many people's dreams. It is important for not just young people, but the whole country to see that greatness comes not by accident, but through great determination and hard work. That message speaks to the country as a whole in the difficult times we face.

We have a huge opportunity. One thing sport is so good at is showing young people how to, and that they can, reach their goals. They can put effort in and get a tangible achievement out. That works especially well for young people who do not find the classroom an easy place to be. They might find the authority in the classroom difficult to take, but they might excel in other areas.

As my hon. Friend the Member for Carmarthen West and South Pembrokeshire (Simon Hart) said, that is where sport touches Departments such as the Department for Education. Young people's results absolutely rocket when they are engaged through sport. Building self-esteem through sport helps in employment. Sport teaches discipline, resilience and other employability skills. We talk about trying to embed all those skills in the curriculum, and there they all are, embedded in sport. In terms of Home Office concerns, sport provides fantastic behaviour management and can prevent young people from becoming future inmates. The social and financial benefit to society cannot really be measured.

The benefits of the self-esteem, individual resilience, teamwork, delayed gratification and discipline instilled by sport go on and on, although Members may be glad to know that I will not. Instead, I want to turn to another great benefit of sport that is often overlooked: the financial and business potential it holds for the community.

In securing community sport for future generations, we face an opportunity and a tremendous challenge, and those centre on our sports facilities. Here is the challenge. The model of community sport is substantially dependent on local authority initial funding and maintenance funding. That has meant too many run-down, off-putting facilities, and it has claimed sporting casualties among facilities. Some years ago in my constituency, despite a massive community campaign, the council misguidedly sold off the much-needed Robin Cousins sports centre and the Shirehampton swimming pool. Now, the community has no proper local sports facilities and a growing population of increasingly bored youth.

More widely, to take football as an example, the latest Football Association survey found that the overwhelming majority of respondents identified poor local community facilities as their biggest problem. A Football Foundation survey found that of the 45,000 local football pitches that exist, 38% did not have changing rooms, 94% had no floodlights, 80% were badly drained and out of use in the winter months, and only 1% had the third-generation artificial pitches that can be used for 90 hours a week, as opposed to just four.

Let me illustrate the point more graphically. In another area of my constituency, Henbury Old Boys football club is struggling to raise funds for much-needed renovations to the clubhouse, facilities and changing rooms. Shirehampton football club is thinking of moving away from its much-loved home ground, which is at the heart of the community, and its clubhouse, which was built by the members themselves, because it cannot progress in the league without floodlights for its pitch, and it cannot get them.

One does not need to be a mathematician to work out what the dilapidation of existing facilities is doing to participation rates.

The Minister for Sport and the Olympics (Hugh Robertson): I do not know whether my hon. Friend has tripped across this yet, but I will mention it before we move on. Part of the Places People Play scheme is a sub-£50,000 grant scheme, to which more than 600 clubs have applied. It exists precisely to try to tackle the problems she has itemised. It has been phenomenally popular; in fact, it is the most successful facilities scheme Sport England says it has ever run. My advice to the football club in her area that is struggling with its changing rooms is to make sure it puts in a grant application. The scheme is called Inspired Facilities and it is part of the Places People Play programme run by Sport England. My hon. Friend should encourage the club to put in an application.

Charlotte Leslie: I thank the Minister for that, and will certainly do so. I will come on to what the Government have been doing to recognise the issue in question, and the tremendous investment that they have focused towards it.

The Football Foundation's research from last season shows that where new investment, such as that suggested by the Minister, took place at a community sports facility, participation increased on average by more than 10%. The sad truth is that often, as cuts hit, local authorities sometimes choose to make cuts to their front-line services and sports facilities, or to hike up charges dramatically, shutting out those on low incomes. To go back to what the Minister said, it is welcome and brilliant that the Government have acted so swiftly and strongly to meet the important challenge of investing in community sports facilities. They have pledged enormous, much needed Government investment in those facilities.

Our national lottery reforms have, I believe, brought an additional £135 million for upgrading community sports clubs and facilities. We are linking schools and sports clubs more effectively, helping schools to offer more of their facilities for community use, which is extremely welcome. Schools' facilities have for so long been shut to the communities that want to use them. The Government are linking up local sports clubs with schools so that the schools can benefit in their turn from the tremendous expertise and dynamism that community sports clubs offer. That has been quite a long time in coming, and it is welcome that the Government have grasped the nettle and linked those two valuable resources.

[Charlotte Leslie]

Additionally, there is a £400 million local sport fund for local authorities, to help with local sports provision, and a further fund of, I believe, about £100 million, for upgrading such facilities as swimming pools. As a former swimmer I have a particular interest in such projects. The achievement is superb, and is a gratifying indication that the Government see sport's importance and consider it a priority. I am pleased with the investment that they are putting in.

It is vital that that investment does not just build facilities—buildings. If we run facilities as we have always run them we shall get what we have always got: a welcome initial investment and, in the long term, an expensive continuing drain on state funds, which may not always be made available to meet the need. Not only do we need to build and upgrade facilities; we need to build social enterprises. We need to ensure that we build not only facilities but an entire social enterprise model, involving the community, business expertise and smart corporate financial and human capital investment, so that the facilities do not become sponges on precious local authority funding and maintenance grants, but will instead be vibrant centres of the community, using profitable elements of the enterprise to subsidise the loss-making elements that the community needs so much.

The good news is, as colleagues have already told me, that that is already happening. However, it needs to happen more, and it can. Community sports trusts already exist, and the charity the Football Foundation is doing interesting work on providing some kind of model for change. Football is the most popular sport in the country, but 33% of the foundation's effort in sport goes beyond football; so, for those who are not so into football, it is not just about that. The foundation's idea works on making an initial investment but also helping to build and support a sustainable hub around a facility, such as a crèche in the club house or better use of bar facilities, including sport on TV, to make a profit that can be pumped into maintaining and improving the facility.

Corporate social responsibility is also an enormous opportunity. Funds cannot be better used than to invest in community sport, but often we also need to think smarter about how we use the expertise of those who work in our large corporates. We should encourage corporates to demonstrate corporate social responsibility by making links so that their staff can mentor and give time to local sports clubs and enterprises. When better than the Olympic year to start something of that kind?

One of the football clubs that I have visited in the Bristol area has been extraordinarily successful in community fundraising, and in building a social enterprise model around the club. One of its secrets is that there was someone on the board whose day job was project management and fundraising. In the face of the decimation by Bristol city council of much-loved sports facilities in Shirehampton, Avonmouth's National Smelting Co amateur boxing club, run by Garry Cave in his spare time after work, has raised funds to build a new gym to accommodate the ever-increasing number of boxers who want to take part. It did it by pooling the expertise and resources of parents, helpers and supporters. In fewer than two years a brand new and far bigger club was up and running, and well oversubscribed. That is a success story, but it was and is still very tough going, and corporate support would be a massive help.

Such corporate support is already happening. As far as I have been able to see, Barclays has demonstrated good and innovative use of corporate support in its Spaces for Sports investment. What struck me when I visited its facilities was that what I saw was not just about capital investment unleashing participation in sport; it was also about creating and supporting an enterprise for the long term, driven and managed by the community. One of the things said again and again in communities affected by the riots was that facilities owned by the community, with community involvement, escaped the vandalism and damage. That sense of community ownership is massively important.

Money and skills are certainly something we need more of. *[Interruption.]* I need a drink of water. *[Interruption.]*

Mr Jeffrey M. Donaldson (Lagan Valley) (DUP): To assist the hon. Lady I could offer an intervention.

Charlotte Leslie: That is very gentlemanly.

Mr Donaldson: I congratulate the hon. Lady on her remarks, to which I have been listening intently. We find in Northern Ireland that a benefit from sport is its capacity to unite a community that is divided—in our case by sectarianism, but often in Great Britain by ethnic differences and so on. Would the hon. Lady consider the positive effects that sport can have in bringing communities together, particularly where there is a history of conflict, but also in areas where there are gangs or criminality?

Charlotte Leslie: I thank the right hon. Gentleman not only for his chivalrous intervention but for the excellent point he made. It is true in Bristol that there are areas with opposing gangs, and it is difficult to bring those groups together, but local sports and the boxing club have managed that against all the odds, and things are being done that many people would say could not happen. I agree that the community cohesion that sport can bring is spectacular.

I hope that the House will forgive me if I tend to cough during the rest of my speech.

Sport not only provides an opportunity for large corporates such as Barclays to hone the effectiveness of their corporate social responsibility; it also, crucially, provides a great opportunity for small business and economic growth. At a time when small building companies are struggling, and we need to get young people into apprenticeships and provide opportunities in the construction industry, what I have outlined is a great way to do it. Small and medium-sized enterprises make up 99.7% of the UK's construction industry, and up to 11 construction firms go bust every day. The Government have already identified construction programmes as a key way of stimulating the economy, and have focused on house building. That is very well and good, but developing new and upgraded sports facilities also provides many SMEs with a crucial lifeline, so that a range of subcontractors, such as architects, electricians, carpenters and plumbers can survive. For example, a relatively small project in Essex, funded by the Football Foundation

with a grant of just over £250,000, which for the foundation is relatively modest, enabled the Lawford juniors football club to get a new changing pavilion. In addition, that project alone employed 35 different subcontractors, three quarters of them local, and two apprentices.

Although times are tough, we face a tremendous opportunity. Sport is already one of the nation's greatest examples of the big society, with thousands of individuals giving up time to volunteer at local clubs. It is superb that the Government—I pay tribute to the Minister—are investing so robustly to protect and support the Olympic legacy. That is a much needed springboard for sport. However, we still need to rethink sport's dependency on the state, to safeguard its future. The readiness, skills and need certainly exist to build excellent sporting facilities for future generations that are sustainable, vibrant social enterprises bringing growth to communities, and are assets to, not drains on, strained local authorities.

We need to combine the backing of Government, the expertise and action of charities, such as the Football Foundation, and smart CSR—that is, money and skills—from Britain's businesses, such as that which I saw from Barclays, with our existing community sport network to safeguard and promote sport into the future. What better year in which to pull all those together than the Olympic year of 2012?

3.30 pm

Justin Tomlinson (North Swindon) (Con): Thank you, Mr Bone, for giving me the opportunity to speak in the debate. I pay tribute to my hon. Friend the Member for Bristol North West (Charlotte Leslie) for making a fantastic speech, especially given that she had the hindrance of a croaky throat. During my time as a lead member for leisure on Swindon borough council, we had great pleasure in visiting the Riverside boxing facility. As someone who is not quite as passionate about boxing as my hon. Friend, I was extremely passionate about the huge difference that it made to very challenging communities. I am thinking particularly of the links that it had with the Navy and the Army. Those links enabled people with real drive and enthusiasm to be identified and given an alternative opportunity in life. That facility should certainly be praised.

I want to cover a couple of subjects. I have spoken in similar debates in Westminster Hall in recent weeks, but I am delighted to see that I have a slightly different audience today, so I can recycle some of the points.

The Centre for Social Justice highlighted in its recently published report the vicious cycle whereby prices rise to raise revenue and that threatens participation levels. That is not an idle threat. Local authorities that are under pressure to balance revenues and expenditure often turn to the services that we are debating and consider hiking up prices. In my local authority, when Labour was last running the council, it decided to increase leisure centre prices year on year. That was a false economy not only because usage went down, but because the revenue that it collected went down. I urge local authorities throughout the country to think carefully before taking a short cut to try to raise revenue.

There are alternatives. We found that as we invested capital in the council leisure facilities, we prioritised invest-to-save schemes. For example, as the Football Foundation has identified, there is a chronic shortage of 3G football pitches. By local authority standards, they are relatively cheap to build, and they generate huge amounts of revenue, which can be used to offset other, loss-making leisure activities. We built three 3G pitches at the back of the Link leisure centre on a four-year payback scheme. That paid itself off after 13 months. As in that example, when councils want to invest in leisure facilities, they should partner them with those few sports activities that are so popular that they can generate sufficient income to help to offset the losses made by others.

Local authorities should do far more on marketing where facilities are not being fully utilised. I will use the example of 3G football pitches again. Until I was elected to Parliament, I used to play football with a group of people every Tuesday night. Every so often, at those peak times, there would be a cancellation. Once the hour arrived and the pitch was not being used, that time was lost for ever. I felt that there were so many groups making regular bookings that the authority should have built up a database. It could then have sent out an e-mail to say, "The Thursday 7 pm club is not coming this week. The first club to reply can take up the space available." That club could pay half the price, so participation would be increased and the local authority would not be wasting money. It would basically be a case of copying what the airline companies do when they are trying to sell off their last few seats.

We should be much more confident about empowering the respective managers to allow people who turn up to play. I am thinking particularly of younger people. Use of the 3G football pitches normally costs £42 an hour. If one is empty, but a group of teenagers turn up and between them they can cobble together £2.50, we should take that £2.50. An additional benefit is that they would be encouraged to use facilities in a controlled and safe environment.

Councils can play other roles, one of which is facilitating sports clubs to find a home. I set up the very successful Sports Forum, which has got more than 60 different sports clubs in Swindon working together. One challenge that many sports clubs have is finding a home where they can participate in their sport. The best example of that was the Esprit gymnastics club, which was based in an industrial retail park and became so successful that 450 children a week were using the facility. However, all the other tenants of the park complained that there were no car parking spaces left, so the club was told that it needed to find a new home.

The club gallantly searched high and low in Swindon, but no buildings with a sufficiently large roof were available, so the council stepped in and identified a building—Headlands school sports hall. Headlands school was being bulldozed to build an academy a few miles down the road, so the relatively new £4 million sports hall was also set to be bulldozed. To cut a long story short, it was agreed that Esprit gymnastics club would take on that building and pay a commercial rent. It was a not-for-profit business, but it obviously charged the children to take part. The sports hall was a considerably bigger facility, for which it was then able to obtain external funding. Now, on a weekly basis, more than 2,000 children use that facility, which is still standing.

The people to whom I have been referring have sub-let part of the building to the Kirsty Farrow dance academy, which is very successful, and the Leadership

[Justin Tomlinson]

martial arts academy, so it is a thriving community facility. They also manage the neighbouring football pitches. The local authority does not run the facility. It is run by volunteers so successfully that I am determined repeatedly to invite my hon. Friend the Minister to visit it to see what a fantastic jewel in the crown it is for Swindon.

Last week, I met people from Swindon Supermarine rugby football club, which is based on the Swindon Supermarine collective site. That includes the football club, the archery club, the bowls club, the diving club and, of course, the rugby club. They want to build additional facilities, including an indoor 3G facility not just for rugby, but for football and other sports. The Rugby Football Union will be supporting that. I am delighted that, following that meeting, Swindon borough council has agreed to offer as much advice as it can ahead of the process of looking to build, putting in bids and going through the planning process. All those different sports clubs will come together and work together, so that that site continues to be something very valuable for my constituency.

Rehman Chishti (Gillingham and Rainham) (Con): I am grateful to my hon. Friend the Member for Bristol North West (Charlotte Leslie) for securing this important debate. At the outset, I declare that I am a parliamentary fellow of Sport England. My intervention is linked to the point about local authorities. Does my hon. Friend the Member for North Swindon (Justin Tomlinson) agree that it is crucial that excellent local authorities, such as his, work in partnership with organisations such as Sport England? That organisation has launched the £32 million Sportivate programme to get 14 to 25-year-olds playing sport. It is attracting more than 300,000 extra people into playing sport. Local authorities need to work in partnership with excellent organisations such as Sport England to ensure that everyone can play sports.

Justin Tomlinson: I thank my hon. Friend. His intervention is very helpful because it ties in perfectly with my next point. To return to the Sports Forum principle, one reason why that is so successful, with the 60 different sports clubs coming together, is that there is a pool of expertise that can draw on national organisations that can come and give presentations. The Sports Forum meets every three months. We are talking about three 30-minute segments. They are advertised in advance. One segment could be, for example, about how Sport England can help, and Sport England will come along and give a presentation.

There is the sharing of best practice. For example, some sports clubs were looking for facilities and some sports clubs had facilities that were under-utilised. They merged to become stronger as a unit. Also, the expertise can be provided to apply for funding, because if ever we need nuclear physicists, it is for filling in funding application forms. We were fortunate in Swindon because we had many people who were very good at that, and they helped other sports groups to apply for funding.

I would extend what I am talking about to local authority leisure centres and sports centres. The Oasis leisure centre—the rather famous band copied the name—wants to have a major redevelopment. It will be, in all senses, a leisure centre, rather than a place for serious sport, which will leave our other major centre, the Link centre, pretty much providing the sports side. I should like the Sports Forum to have a much greater role in running that, because it has expertise in how to deliver sport and because that could help to attract external funding. An example is the new netball facility that was built. The national netball association and local netball clubs are helping to set the programme and ensuring that that is a big success. We must use the skills that sports clubs have.

I want to deal briefly with private finance initiative schools and community facilities. While I was a councillor, there were many shiny, brand-new schools in the new housing estate that I represented. We did not have a huge amount of open space other than inside the large fences of the PFI schools. They charged an absolute fortune and priced many different community groups out of there. It was an absolute, crying shame; we had young people who wanted to turn up and kick a football around, but they could not get access to the open fields. We must be careful of that, especially in built-up areas.

I have been trying to push for more sport in the community on Friday and Saturday nights, using community facilities such as school buildings, local authority sports facilities, parish councils and community centres. We as a nation spend a huge amount of money on youth services and facilities, and although some are good, many are not. It would be far better for the local authority to use the money to commission football or street dance coaches, for example, to work in those facilities. The respective local authority, parish council or school would not charge for the use of those facilities. All that they would have to do is raise a bit of money to go towards the cost of the coaches, and that could come from the youth service budget. Children could be charged 50p a time, so that they have a sense of ownership. In that way, we could get them doing something active and constructive on Friday and Saturday nights. When I go around schools and colleges, the idea is very much supported by young people. Last week, a sports coach UK organisation told me that it was interested in the idea and that it could provide a long list of potential coaches for the different areas. I am sure that many other organisations would get behind such a scheme.

On planning issues, we are right to focus on sports facilities—physical buildings—but often all that we need to do is ensure that there is sufficient open space. I previously represented a new build estate where there was not sufficient accessible, usable open space. Under the technical national definitions, we had lots, but they just happened to be lots of hedges and places where we certainly could not kick a football. We need to be mindful of that.

When I was growing up, we were influenced by whatever was on TV. If it was the Tour de France, out came the bikes. If it was cricket, out came the cricket bats. We played football for the majority of the year and tennis for the three days that we used to last at Wimbledon in those days.

We need to take advantage of the new homes bonus and section 106. Too often, leisure is not at the forefront of getting money to invest in facilities. For the smaller developments in existing residential areas, we should consider using some of the money to provide more

accessible, usable open space or traditional sports community facilities. Again, we should consider the opportunity to devolve the ownership and the running of those sports clubs.

We have previously talked about school sport partnerships. I was delighted that the Government extended the time for them to secure a future. The vast majority, or at least the ones that were doing a good job, have been successful in doing that. My only plea concerns the facilities that they then provide activities in. The people involved are often fantastic coaches. They are fantastic at getting support for volunteers, but they are not necessarily business-minded. As not-for-profit businesses, they need some help and training to ensure that they are good at running the books, so that they can continue to do a fantastic job.

I am encouraged by a much of what the Government are doing. This is something that the Government take very seriously. The Minister is well thought of by all the sporting groups that I meet. We must ensure that this matter remains very high on the political radar, both locally and nationally.

3.43 pm

Karen Lumley (Redditch) (Con): It is a pleasure to serve under your chairmanship this afternoon, Mr Bone. I thank my hon. Friend the Member for Bristol North West (Charlotte Leslie) for securing this debate. I will not speak for long, but I will highlight a couple of community facilities in my constituency.

Next week, we will open a new sports centre, with a £6.5 million swimming pool. It is the first leisure centre in the country that is partly heated by innovative technology. It will take energy from the town's crematorium, thereby reducing the overall CO_2 emissions in our borough. Of course, we would be delighted if the Minister wished to pay us a visit.

The centre will lead the way in improving health equalities and increasing participation in Redditch, with targeted projects to help our diverse population. To celebrate the opening of the venue, community games will take place in May and will involve sports clubs and the voluntary sector. There will be activities for eight weeks, culminating in a competition day focusing on Olympic sports and the promotion of volunteering and healthy lifestyle choices.

The special Olympics group is another great community facility. I should perhaps declare an interest here as I have just been appointed its patron. It comprises a group of Olympians with learning disabilities. They take part in all sorts of sports, including athletics, swimming, soccer and badminton. They are a pleasure to watch, and I have seen them compete in many events. They are inspirational young people, and 169 of them have competed in events this year. They are a credit to my town and an example of how community sport and its facilities really work. Without such community sports facilities, our young people would suffer. They make our town a healthier and happier environment. Long may they continue.

3.45 pm

Neil Carmichael (Stroud) (Con): I thank you, Mr Bone, for asking me to speak, and I congratulate my hon. Friend the Member for Bristol North West (Charlotte Leslie) on securing this excellent debate. The timing is appropriate because this is the year of the Olympics in London. It is right that we should be focusing on sport. It is right, too, because we need to encourage people to live more healthily. Exercise definitely leads to a healthier lifestyle. My hon. Friend was right to emphasise the importance of exercise.

Let me talk about my own district council of Stroud, which has just reopened its leisure centre to great success. I pay tribute to Councillor Keith Pearson and his team for having the imagination to get on with the job of delivering an outstanding centre with so many improvements on the previous regime. Gone are the days of Mr Brittas and the "Brittas Empire". Instead, we have an efficiently run organisation with clean facilities. The changing rooms are absolutely excellent and I invite Members to come and see them at any time—preferably to change for some sport. The centre demonstrates that councils can do things properly if they put their minds to it, and Stroud district council has done exactly that.

The centre expects some 25,000 users from the community around Stroud, which is a fairly impressive number. There is also Dursley swimming pool, which has a solar panel system to assist with the heating, so the pool is not just really good for the community but environmentally friendly. Things can be done by Conservative councils, and I applaud that. It is important that we recognise that councils can and should play a role. It is also critical that communities outside the council help in these matters, too.

My son is a footballer; he is a pretty impressive defender. I often go and watch him play at various football clubs across my constituency. It is really great to see so many clubs flourishing and providing decent pitches for people to play on and it is a great tribute to local communities that they allow these facilities to be developed and then support them. The support that local communities give to such clubs is critical.

Rehman Chishti: My hon. Friend is making an important point about local communities and local authorities. Medway has just spent £11 million on the Medway Olympic park in one of its most deprived areas—there is a seven-year life expectancy difference between one part of the constituency and another. Does he agree that it is crucial to get such facilities in deprived areas as well as in affluent ones, so that children with social deprivation issues can use the facilities and improve their health as well?

Neil Carmichael: I thank my hon. Friend for that intervention and I am grateful to him for making it, because that is an important point. We must ensure that we reach out to all communities, especially the ones that he has described. We must have healthy people who enjoy their lives, are properly engaged and play a full part in the society that we want to create. That was what my hon. Friend the Member for Redditch (Karen Lumley) was referring to when she spoke about people with disabilities, and it is great that she emphasised that point.

There are communities in my constituency that support people with disabilities in their interest in sport. Most impressively, a huge amount of money was raised for a swimming pool as St Rose's school, Beeches Green, for

[Neil Carmichael]

people with severe disabilities. That is wonderful; it shows that people care, that they can deliver the right kind of support and that people recognise that absolutely everybody should have opportunities to play sport wherever possible, which is completely right.

There are also threats to sport in my constituency. Stroud rugby club needs a new facility and to upgrade its rooms—in fact, it needs to move. We must help clubs such as that to seize the initiative effectively and ensure that they can deliver the right kind of facilities for the huge number of young people who want to play rugby. The place is full on a Sunday morning. My son is no longer interested in going to the rugby club at weekends—it's football for him, although he plays rugby at school—but those who go to Stroud rugby club are really enthusiastic, and that is an important stepping stone to more involvement in sport. I am very keen for Stroud rugby club to thrive and I support it in its endeavours.

I went to Gloucester rugby club a few weekends ago to watch a very exciting game between Gloucester and Toulouse—my wife is French, so there were some issues about who was supporting whom. While there, I noticed the sheer involvement of the people watching the match. We must not forget that element when we talk about facilities. It is important to encourage people to go to and support sporting events. They will be watching people they know—members of their families and so forth—which is part of the collective activity of sport and should be promoted.

My hon. Friend the Member for Bristol North West mentioned corporate support; it is important and we should encourage it. The Government need to find ways to help to lever in the corporate support that is so necessary for many fledgling clubs and for developed clubs that want to move forward or expand their assets or facilities. We should not forget the sports such as skateboarding that we would not necessarily think of as sport, because they also give opportunities to young people to be involved.

The community facilities that we want are essential, and should be encouraged to develop into other services as well, such as social clubs, because that gives them an added dimension and another way to be successful. I have noticed that the clubs in my constituency that have moved on and developed in that way have prospered, and they continue to provide excellent opportunities for young people.

3.53 pm

Dr Phillip Lee (Bracknell) (Con): It is a pleasure to serve under your chairmanship, Mr Bone. I congratulate my hon. Friend the Member for Bristol North West (Charlotte Leslie) on securing this timely debate. I congratulate the Minister on his strong performance as a Minister since 2010—he has been outstanding. This is obviously an important year for sport. I also congratulate my hon. Friends on their contributions so far, particularly my hon. Friend the Member for Redditch (Karen Lumley), who has given me an idea. One of the sporting facilities in my constituency is a top-100 listed golf course, which happens to be next door to the crematorium, so I will encourage my local council to investigate the possibility of recycling heat into the clubhouse.

I would like to talk about how I see sport and how sport benefits the individual, the wider community and the nation as a whole. I know that my hon. Friend the Member for Bristol North West and I share a passionate belief that sport can and does do good and should be encouraged and supported in every possible way. Forgive me, but I would appreciate some indulgence as I take a tour of my constituency. I am proud to do so, specifically on this topic, because it has possibly some of the best community sports facilities in the country. In my experience, the people of Bracknell and the surrounding area are generally quite happy, and I think that those two things are linked.

Bracknell has three sports centres, including an Olympic swimming pool, which my hon. Friend the Member for Bristol North West competed in once upon a time. The Coral Reef water sports park is a separate facility that is visited annually by hundreds of thousands of people from the south of England. The Look Out discovery centre on Crown Estate land in Swinley forest, which is used for mountain biking, walking and running, has 250,000 visitors a year. We also have one of only three trampoline centres in the south of England. Lily Hill park houses Bracknell rugby club, and I remember playing there aged 19—not so long ago. I lost the game unfortunately, but was very impressed with the facilities. We also have numerous football clubs. In fact, my first visit to my constituency was to play football for Wycombe district football club at the age of 11, and I lost that game as well. We also have a baseball club, which is a five-time national champion. Those are just the community facilities—state-owned, dare I say. We also have a ski slope, an ice rink and an outward-bound youth challenge network, which are all privately funded and are now profitable going concerns. That is just Bracknell.

In Sandhurst, we have 80 acres of land owned and managed by the local town council. We have football pitches, a very successful cricket club, a skate park, a tennis facility and we have the annual Sandhurst fitness funday, which I attend every year because it tries to improve the health of the community. In Crowthorne, we have the Pinewood centre, which is an old TB hospital with a series of wards—TB hospitals had big wards and were in the middle of nowhere. When it was closed, the local council took it over and each ward now houses a society, including a remarkable gymnastics club. When I visited, the doors had to be opened to allow people to run in to do the vault—the standard of the gymnastics is awe-inspiring. There is a judo club on the same site, which included an Olympian. There are also football teams, and boxing clubs in Crowthorne and Bracknell.

Finchampstead includes Finchampstead memorial park, which has a very successful cricket club. We have a football club that is tied with Reading football club, and there is a netball club. I could go on and on. It is a remarkable series of communities all within my constituency. All the councils and councillors—Iain McCracken is one of the people responsible for the portfolio at Bracknell forest—should be congratulated on their success in maintaining all the facilities over the past few decades.

On the sustainability of sports facilities, I do not think that it is the state's responsibility to fund all facilities; that is not sustainable and makes no sense. The state has a role as a partner, but charity and private money should also play a part. We cannot go

back to an age when it was the council's responsibility to provide all facilities, because that is nonsense. I am proud of the fact that a large number of facilities in my constituency are a partnership between the community and the council.

The wider point that I would like to make about sport is that it is good for us, and as a doctor, perhaps I can say that more strongly than others can. It makes us healthy, and I still see too many patients who are obese, who drink too much, smoke too much and have lost the drive and desire to get on and to compete in life.

Sport from an early age is important, and I mean competitive sport, not the nonsense about everyone being a winner. Life is tough, and trying to protect children from the realities of how competitive life is, is abusive. I would not describe it as child abuse, but it is abusive, because those children enter the workplace and wonder why they cannot deal with competition. Sport has an important role to play in physical health, but also mental health. We need to get back to believing and understanding that we want winners. To have winners we must have losers, by definition. We need to connect effort with reward. Sport is a way to do that and educate people.

Sport can also benefit communities. As I said earlier, I think I have such remarkable communities in my constituency because sport plays a large part in their life. That is why sport is so important, so integral to a happy environment and to the well-being of each of my constituents.

The Football Foundation is an example of an agency that has money from the Government, premier league and the FA. I am doing a fellowship with the Football Foundation, learning about the industry of football, warts and all. The best part has been coming to understand and see the impact that the Football Foundation is having up and down the country.

My hon. Friend the Member for Bristol North West and I had the pleasure of a tour of facilities around London a few months ago. When one visits the facilities, such as the ones near Wormwood Scrubs—they were in a shocking state and are the responsibility of the council—one realises that the council is under no statutory obligation to provide leisure facilities. I am not going to make a party political point, but at the moment it tends to be Labour councils cutting back and blaming it on Government cuts. The reality is that the way in which those sports facilities are being managed is not sustainable.

The Football Foundation model puts in a proportion of the grant to help and support schemes that have an aspect of sustainability, be it a bar, a crèche or whatever. Thereby the facility is maintained, is successful and popular in the community.

Simon Hart: My point might relate only to isolated rural areas such as mine. Does my hon. Friend agree that in many places it is the work of local charities—not the big corporates—and local businesses, volunteers and lottery funds that keep the sporting facilities and infrastructure together?

Dr Lee: That is an important intervention. Many times, the local builder or plumbing firm sponsors the football shirts. My hon. Friend is right.

Organisations such as the Football Foundation need to work in partnership with communities and councils, in order to establish much needed sports facilities. I do not know whether anyone here has tried to book a five-a-side football pitch anywhere in the country. It is a woeful situation; it is not possible to get space on those pitches. Why have we not got more of them? The reason at the moment, I think, is that the foundation is struggling to get match funding from councils. Perhaps the Minister might look at making it a statutory requirement for councils to concentrate on leisure facilities. He might say to councils that cutting sports facilities will increase Government expense in the provision of health care services.

Justin Tomlinson: On that point, as I mentioned in my speech, local authorities can look at this as an opportunity. My local authority invested through Invest to Save, paid the money off in 13 months and has been making a profit ever since. Because there is such a chronic shortage, 3G football pitches are potentially very profitable.

Dr Lee: My hon. Friend is right. To quote the phrase of "instant gratification" used by my hon. Friend the Member for Bristol North West, the difficulty is that it is all about the instant—it is about how to cut and balance the books. No long-term perspective is taken. The reality is that if I play football for a year, that is not likely to make an impact on my health when I am 70. This has to happen over a number of decades in order to get the return. A longer perspective on the part of councils and Government needs to be taken.

There has been the woeful selling of school fields. I drove past a school near where I live: we have more flats and more houses and fewer school pitches. It is lamentable, particularly in the year of the Olympics and the European football championships and in a country that is passionate about sport. I have stood on football terraces up and down the country. People are passionate about sport, about their club winning—not competing or taking part but winning. I think we can harness that. The best way to do that is to ensure that there are sustainable facilities.

In conclusion, my constituency is a model of how communities can engage in and support sport, financially and through participation. The well-being of the community is much enhanced in the process. Sport and the provision of community sports facilities can lead to better health, behaviour and community spirit.

4.6 pm

Clive Efford (Eltham) (Lab): It is a pleasure to join the debate under your chairmanship, Mr Bone, for the first time, I believe. I pay tribute to the hon. Member for Bristol North West (Charlotte Leslie). She has been a doughty fighter on behalf of sport in general. She has made many contributions both in the Chamber and Westminster Hall on behalf of sport and young people, pointing out the role that sport can play in encouraging participation among young people, challenging some behaviour and turning lives around. I have certainly seen many examples of that in my constituency. I commend her for the work she has done to bring the matter to the attention of the House.

[Clive Efford]

Sport is a very important part of not just our society and culture, but our economy. It contributes in the region of £3.8 billion, according to the British Institute of Sport and Leisure. The health and sport industry makes a major contribution to employment, as well as to the well-being of many of our constituents. It also offers many opportunities for communities to come together. We have heard an enormous number of examples from hon. Members today of not-for-profit organisations where public-spirited people come together to run them and make a major contribution to our local communities.

I am grateful to the Sport and Recreation Alliance for providing figures. One of its reports, under its former guise of the Central Council of Physical Recreation, stated that 26% of volunteering takes place through sport and recreation; and that the economic return of volunteers outnumbers investment in the sector by a ratio of 30:1. There is an argument for sport not just for enjoyment but as a significant contributor to local economies. It also contributes to health, as the hon. Lady said. There are enormous costs to our NHS from obesity and diabetes. As she said, the cost of dealing with illnesses related to the body mass index is currently about £15.8 billion. That is due to rise by 2050 to a staggering £49.9 billion, if current trends are not addressed. It is important to recognise the potential cost to our country and economy of not tackling such issues. It is also important to recognise the value of sport and how it can contribute.

In these economically straitened times, when people's disposable incomes are stretched, it is also important that we do not exclude people from accessing sport because of cost, particularly those from more disadvantaged backgrounds. Many people have referred to problems with increasing costs, especially at private finance initiative schools. A PFI school in my constituency is just being completed. Its policy is certainly to open its doors to the local community and groups, but it must also cover the costs of doing so, which creates a problem for local organisations that want to access those facilities.

We must do all we can to ensure that people are not excluded from using the excellent facilities that have been developed in many schools, as that is key to improving accessibility to sport in future. It is important that the Minister has regular discussions with his opposite numbers in the Departments for Education and for Communities and Local Government to ensure that access to sport is maintained. Costs are likely to rise in the current economic situation, but we must not exclude the most disadvantaged people in our communities.

As the Minister knows, many people are disappointed by the cuts to school sport partnerships. He has made it clear that that is not his specific area of responsibility, but I refer him to an answer that the Secretary of State for Culture, Olympics, Media and Sport, the right hon. Member for South West Surrey (Mr Hunt) gave at Culture, Media and Sport questions. He said:

> "Some school sports partnerships did an excellent job but, overall, participation among young people fell under the last Government—it has fallen from 58% to 54% over the last four years".—[*Official Report*, 15 December 2011; Vol. 537, c. 915.]

I have searched, but I cannot find that figure. If the Minister has the answer now, I shall take it, otherwise he can write to me.

Hugh Robertson: The hon. Gentleman will find the answer in the Active People survey. It refers to people between the ages of 16 and 24, and, I think, relates to a period from 2005 to 2011. I think that the point that my right hon. Friend was making, correctly, was that whatever the successes of the school sport partnerships in schools may have been, they were not tackling the post-school drop-out, which got worse, not better.

Clive Efford: I am grateful for that. I suspected that that was the answer. School sport partnerships are for school-age children, not for 14 to 24-year-olds, so the survey did not compare like with like. My concern is that the figure has been used as an example.

I think someone said that "prizes for all" was the previous Government's policy on encouraging people to participate in sport. Encouraging everyone to experience many different types of sport is in no way contrary to encouraging them to participate in competitive sport. Most people who play sport understand that the first competition they must win is the one against themselves. Whether we are playing in a team, on our own or just training in a leisure centre, we are competing first and foremost against ourselves—everything else is secondary. Encouraging young people to experience that enjoyment and opening them up to as many types of sport as possible through excellent schools facilities is essential if they are to have a lifetime's association with sport.

On the national planning policy framework and the changes to planning policy guidance 17, what discussions is the Minister involved in to secure a replacement of facilities where there is an application to build on playing fields? PPG17 and the School Standards and Framework Act 1998 required developed playing fields to be replaced. Sport England and other consultees must still be consulted under the new requirements in the NPPF, but there is no guarantee of replacement in the wording. Is the Minister lobbying hard on behalf of sports-lovers everywhere, who want our playing fields to be protected in future, to ensure that the replacement guarantee is retained? It was successful in reducing the number of school playing fields that were lost. It might surprise some Government Members to know that between 1979 and 1997, 10,000 school playing fields were sold.

Hugh Robertson: The hon. Gentleman must give way on that point.

Mr Peter Bone (in the Chair): Order. I point out to the Minister that the hon. Gentleman does not have to give way.

Clive Efford: I shall give the Minister a chance to come back; I am a fair individual. After the 1998 Act—this is available through freedom of information and is on the Department's website and the website of the Department for Education—was introduced, only 226 school playing fields were lost. A myth has built up that school playing fields have been disappearing at an alarming rate over the past 13 or 14 years. That idea is incorrect and must be put right.

Hugh Robertson: I am afraid that the 10,000 figure is incorrect. When we were in opposition and I was doing the hon. Gentleman's job, we were always slaughtered with it, so I spent a considerable amount of time

looking into it. No figures were collated for the loss of playing fields until 1999, so 10,000 is a guesstimate. I met the Labour special adviser who dreamed up the figure. In the days when Tom Pendry was doing his job, a set of figures was aggregated. They ran that out over years and produced the figure, and it became accepted wisdom. There is no statistical backing for it at all.

Clive Efford: I do not have much time left. The 226 figure is an answer to a question to one of the Minister's colleagues. The 10,000 figure dates from an FOI request in 2009, so I do not know where the former Minister, Tom Pendry, comes into it. Needless to say, even if the figure is out—even, to be generous, by 50%—the difference is staggering. It is essential, therefore, that the Minister lobbies hard to ensure that the replacement requirement is included in the planning framework when it is finally agreed.

I shall move on, because I want to give the Minister a decent run at answering his colleagues' questions. I have a concern about opening up schools and school clubs under the 14 to 25 strategy announced by the Department and Sport England. Under the policy, by 2017, the Department will have created 6,000 partnerships with local sports clubs. Is the Minister aware that, on average, 4,000 secondary schools across the country already have partnerships with 14 sports organisations? By my reckoning, that totals significantly more than 6,000. Can he explain where the existing partnerships will fit alongside the 6,000 that he intends to create? Will they be new partnerships or will they be in addition to existing ones? What is the future for existing partnerships?

It is ironic that the strategy will be based around schools. I fully support the intention to open up schools. A lot of work has been done on that, as existing partnerships indicate. However, many of the best facilities in which clubs will be set up are in Building Schools for the Future schools. In my constituency, the facilities built as part of that £6.5 billion programme are state of the art. Sadly, some sports clubs will be set up in sub-standard facilities, because not all schools enjoyed BSF, which would have improved, rebuilt or refurbished every secondary school in the country. Alongside that, enormous benefit would have been gained from improved sports facilities. It is worth nothing that, since 2000, in addition to what was going to be spent on BSF, Sport England has invested £1.5 billion in capital investment throughout the country and local authorities have spent up to £650 million on improving sports facilities. Therefore, although the money announced by the Government is welcome, it appears to be woefully inadequate.

My final point is about planning and floodlights. What discussions is the Minister having with his colleagues in the Department for Communities and Local Government to ensure that problems with floodlights do not continue? Modern technology means that they are not as intrusive as they have been in the past, that they do not damage quality of life, and that many of the fears in local communities about them are misconceived. As has been mentioned by some of the Minister's colleagues, of the about 2,400 3G—third generation—or artificial surfaces in this country, fewer than 2,000 have floodlights. Few grass pitches are floodlit—grass pitches can only be used for up to six hours a week if they are to be maintained to any standard—so it is important that we increase the provision not only of artificial surfaces, but of floodlights. What work is the Department doing in that regard? With that, I had better sit down to give the Minister an opportunity to respond.

4.21 pm

The Minister for Sport and the Olympics (Hugh Robertson): It is a pleasure to serve under your chairmanship, Mr Bone. Members may not be aware that our Chairman is one of the finest slow left-arm bowlers ever to have represented the Lords and Commons cricket club. It is nice to have a Chair with expertise in the area under discussion, although he is probably the only slow left-arm bowler to have ever represented the club.

I am grateful to my hon. Friend the Member for Bristol North West (Charlotte Leslie) for securing this debate. I also thank her for her work with the all-party boxing group on boxing and as the president of a number of amateur boxing clubs, including some in her own constituency.

This is an important debate at an important time. I am always keen to stress that London 2012 is not the story about sport in this country, but the start of the story. It would be only right to congratulate the England and Wales Cricket Board, which recently secured the 2013 champions trophy for this country. After 2012, we will have the rugby league world cup and the champions trophy in 2013; the Commonwealth games in 2014; the rugby union world cup, the world canoeing championships and the world gymnastics championships in 2015; the world athletics championships in 2017; and the cricket world cup in 2019. There are also bids outstanding. We are, for example, contemplating a bid for a youth Olympics and a series of other smaller competitions. London 2012 is, therefore, very much the start of the story, not the end of it. It is crucial that we use this period to do what so many hon. Members have spoken about, namely to drive an increase in participation in sport.

That will be testing against the current economic backdrop, but the lottery reforms that we implemented in May 2010 have already, according to Camelot's figures, resulted in an upturn of money, so the amount of money going into sport as a result of the end of the Olympic levy, as well as the lottery reforms and the fact that those changes are driving greater ticket sales, will go up from the £1.3 billion in 2010 to an estimated £1.8 billion. That is an extra £0.5 billion over a six-year period, so the reforms could have a considerable impact.

I suspect that most hon. Members would prefer to hear me respond to the points that they have raised—although that might be a novel theory—than listen to my prepared speech. My hon. Friend spoke movingly and correctly about the beneficial effect of sport on young people's lives. I agree with her and suspect that everyone else present does, too. Like her, I pay tribute to the Riverside youth club in Bristol, whose work I have heard about, not least from my hon. Friend, as well as other, independent sources.

My hon. Friend made a good point about floodlights, which the shadow Minister, the hon. Member for Eltham (Clive Efford) also touched upon. Floodlights have historically been a difficult issue, because everyone who wants to play sport wants to have sports facilities with floodlights, but everybody who lives near a sports facility with floodlights want them turned off at 10 o'clock at night. The shadow Minister is right that

[Hugh Robertson]

the latest generation of floodlights cause significantly fewer light problems than earlier generations. Bizarrely, the taller the tower on which the lights are put, the less pollution, because everything goes down, whereas with a shorter tower, it spreads out. As part of the Inspired Facilities fund—I had a feeling that this was true, but have just checked it to make sure—sports clubs can apply for floodlights, so provided that they can get planning permission, which is often the sticky bit, they can, in theory, apply to the fund and get floodlights built.

My hon. Friend is also right about the need to reduce the dependency on the state. That is one of the reasons why I have been so keen—against opposition from those involved—to progress with the restructuring of UK Sport and Sport England. Sir Keith Mills, who has looked into this, is clear about the combined commercial opportunity if the success of elite athletes is married to the mass participation strategy—the mass market—for any commercial sponsor. British sport's ability to drive commercial sponsorship has been poor. Some individual sports have done well, but non-departmental public bodies have not done well in driving sponsorship. The Team 2012 initiative was not a great success. It needs a new start around a different commercial property to make it work.

My hon. Friend the Member for North Swindon (Justin Tomlinson) talked about local authorities investing in sports hubs. He is right that, if we started with a fresh map, we would undoubtedly build sports hubs, because the whole family could go to them and everyone could participate. The problem is that sport in this country has not grown up in that way. Most towns and cities have their rugby, football, tennis and cricket clubs, and swimming pool, in different places, but he is right that hubs are the way forward. I encourage him to get Sport England involved in discussions. He should probably make an application for his new sports hub to its Iconic Facilities funding stream—I am sure that my hon. Friend the Member for Gillingham and Rainham (Rehman Chishti), as Sport England's parliamentary fellow, will put in a good word for him with the chief executive. I wish him well with that.

Access to school facilities is a nut that we have not cracked over many years in this country. The new sports strategy has a particular funding stream. Members throughout the House will have shared my frustration of driving past schools with unused football pitches on a Saturday morning, while people are queuing around the block to use the local authority facilities. That is sometimes down to insurance and caretakers, but often it is due to lack of will-power. Where schools want to make it work, they can, and where people do not, they do not. The new strategy has £10 million to help people get over the hurdles and I hope that that will start to iron things out.

My hon. Friend the Member for North Swindon is also right about coaches and the impact that they can have. The schemes work very well in some places. Charlton Athletic is a shining example of how a football club can have an influence on a local area. I am sure that my hon. Friend's own football club in Swindon does something similar. Charlton Athletic draws funding from Kent county council to run precisely the sorts of schemes that he has mentioned. I encourage him to look at that model and then see if he can interest his own county council in funding Swindon or similar sides.

My hon. Friend was on the money once again on the question of business training for not-for-profit organisations. The organisation that he should speak to in that regard is one that has been set up by Keith Mills—that is his second name-check of the afternoon, but he is a marvellous man who does a lot for sport. He has set up a small charity called sported, which exists precisely to give business training to not-for-profit sports organisations—people who are keen to do something about their local sports facility, but who lack the technical expertise to bring it about.

My hon. Friend the Member for Redditch (Karen Lumley) spoke well about her sports facilities in Redditch. I have actually been to some of them in a previous incarnation, before her time in Parliament. Some interesting models are emerging from the Localism Act 2011 in relation to community asset transfer and how it can be used to pass the ownership of sports facilities to the groups that use them. My hon. Friend is right to draw attention to the Special Olympics, which represents a remarkable movement full of remarkable people. The difficulty for the Special Olympics is that it has a constant battle with the British Paralympic Association about whether those involved are Paralympians or Special Olympians and all the politics that goes alongside that. I am delighted that as a result of the new disability strategy at Sport England, the Special Olympics has got funding for the first time. Some £250,000 of funding will go to Special Olympics Great Britain. I hope that that will encourage those involved in the belief that people are taking them seriously and that they are a valued part of the sporting landscape.

My hon. Friend the Member for Stroud (Neil Carmichael) spoke very well about Stroud rugby club and, indeed, its move. One of the things we did when we were trying to settle the listing debate in 2010 was to recognise that it is up to sports to market their own broadcast rights as they see fit. In passing, we should congratulate the ECB on the renewal of its new contract. By allowing sports to have that freedom, we encourage them to invest a proportion of their proceeds in community sports facilities.

The Rugby Football Union was one of the national governing bodies that signed up—indeed, all of them did—to a commitment to invest 30% of their UK broadcast income in grass-roots facilities. If my hon. Friend is keen to help Stroud rugby club move, it would be well worth his while spending some time with the RFU and Sport England to see if he can get them together to discuss what can be done to help. Again, he made exactly the same point about the need to lever in more corporate money. That is very much at the centre of what we are hoping to do as part of the restructuring of the non-departmental public bodies.

My hon. Friend the Member for Bracknell (Dr Lee), who is doing a sports fellowship with the Football Foundation, made me laugh—unintentionally, probably. I spent three quarters of a year at the Royal Military Academy, and the concept of a Sandhurst fitness fun day was absolutely not a part of that particular period of my life. Sheer agony for hours on end seemed to be the key. He spoke very well about the various different sports facilities in his constituency. He is absolutely on

the money about the issue with the Football Foundation. It has been a central tenet of the Football Foundation's existence ever since it was set up to look for match funding from local authorities. I saw the chief executive, Paul Thorogood, two weeks ago. He made the point that finding match funding is becoming, for reasons we would all understand, much more difficult. We will have to work with the Football Foundation to find ways around that.

The Football Foundation is a first-class organisation; it absolutely does what it says on the tin. Every time it builds a new 3G sports facility, the thing is booked out within a month and people cannot get a space. That shows the demand for such facilities. Encouragingly, the latest generation of those pitches is much more multi-sport-use-friendly. As soon as I empty my piggy bank out and can find some more money in it, I will do my utmost to ensure that the Football Foundation gets some more money because it is a good organisation that does a good job.

Clive Efford: I agree with the Minister's comments about the Football Foundation, which is an excellent organisation. It has been able to get more bang for its buck by attracting match funding. Is he suggesting that he will make money available to replace that match funding and that it will not require match funding in the future, because to go down that route means that we will get less for the money?

Hugh Robertson: That is absolutely right. Of course it is important that any part of an area applying for funding should show enthusiasm and commitment by raising a bit of money itself. I am not saying that we will remove that but, without going into the Football Foundation's finances in any great detail this afternoon, there are two connected problems.

First, the Football Foundation is increasingly finding it difficult, through no fault of its own, to get exactly matched funding from local authorities. That point was made by my hon. Friend the Member for Bracknell. Secondly, because it takes longer to gain that funding and the Football Foundation is partially Exchequer funded, it finds it difficult to shift the capital inside the financial year—1 April to 31 March. It does not want to get into a position whereby because it cannot shift the stuff out the door and get the match funding, it has to hand the money back. We are talking about quite a complicated accountancy issue. Suffice it to say, the Football Foundation is a first-class organisation and I am delighted that my hon. Friend is involved with it. We will do what we can to help it as soon as things ease.

On the contribution of the shadow Minister, the hon. Member for Eltham, he is absolutely right to draw attention to the health benefits of sport, which many other hon. Members also mentioned. It is enormously encouraging that the Department of Health—I thank it for this—now deals with that directly in primary schools through the Change 4 Life sports clubs. It has committed to funding that for the foreseeable future.

Rehman Chishti: I congratulate the Minister on being one of the finest Ministers in the Government. I do not say that because he is a fellow Kent MP or because he is a fellow cricketer; I say it simply on merit. He will be aware that some excellent research carried out by Sport England has shown that if sport participation were to increase by 1 million people weekly, the taxpayer would save £22.5 billion in health associated costs. What are we doing to encourage and get that extra 1 million people playing sport a week?

Hugh Robertson: An extra 1 million people a week would cover the entire population inside a year, would it not? It is a lovely idea, and I thank my hon. Friend both for his kind comments and his obvious enthusiasm, which is undoubted. One of the extraordinary features of community sport in recent years has been that, despite the huge impact of lottery funding, the number of people participating in sport in the community has remained rigidly static or has marginally fallen over a 10-year period.

There are a number of reasons for that and this afternoon is not the time to go into them, but I will mention a couple of factors. The measurement system is very tough and people have to play three separate instances of sport. People who play top league cricket or hockey generally train in the week and play at the weekend, so they fail the measure. The measure uses fixed telephone lines, so we are not convinced that enough young people are being picked up. It is also fair to say that the sport governing bodies who now have responsibility for the matter have not worked out the consumer behaviour changes that are required to make it work. A number of issues are tied up with the participation measure, but getting it shifted is absolutely at the centre of what we are trying to do.

The shadow Minister mentioned the national planning policy framework. He is right. The Government's objective was clearly to reduce a vast number of planning regulations to a much smaller and more easily manageable document. As a result of that, a number of things have gone out of the window. I have spent a lot of time with sports going through exactly what they need. I have also spent time with both Sport England and the big five. He will be familiar with that term, which relates to football, both codes of rugby, cricket and tennis. We have been to see the Minister of State, Department for Communities and Local Government, my right hon. Friend the Member for Tunbridge Wells (Greg Clark). Formal submissions have been made and informal meetings have been held. We will wait to see the effect of that when the consultation is completed.

The hon. Gentleman talked about partnerships with local sports clubs. The 6,000 figure that is used is the number of new clubs that sport governing bodies themselves think they can set up. That is a figure given to us as a result of statistics collected mainly from the FA, the Rugby Football League, the RFU, the ECB and the Lawn Tennis Association.

Finally, the hon. Gentleman mentioned floodlights. That issue is tied up with the consultations on the NPPF. Someone can apply for floodlights under the Inspired Facilities part of Places People Play. As I say, if I had put my hand up this afternoon and said, "We have absolutely cracked angry residents who don't like floodlights on their sports facilities," it would not have been entirely fair. However, he is absolutely right to raise the matter.

Mr Peter Bone (in the Chair): Thank you for that excellent debate.

Foreign Policy (Soft Power)

4.38 pm

John Glen (Salisbury) (Con): May I say what a pleasure it is to serve under your chairmanship for the first time, Mr Bone? I declare an interest as secretary of the all-party group on the British Council and as a governor of the Westminster Foundation for Democracy.

The purpose of calling this debate is to focus on the role of soft power in British foreign policy and how it is to be used in defining country strategies. Over the past decade, Governments have become increasingly aware of the importance of soft power. I define that as the power to attract and co-opt alongside the hard power of traditional military and economic means of achieving foreign policy objectives. There is a growing acceptance that soft power is an important component of foreign policy and should be seen as a complement to rather than a substitute for hard power.

I want to talk about how there can be better integration between the different elements of hard and soft power. My impression is that, although different institutions work effectively on their own, they could deliver a lot more if they actively collaborated on a systematic basis in all countries where they operate.

I want to share some examples of Britain's soft power assets, and then examine the need for the development of a co-ordinated vision for our foreign policy by addressing some of the practical realities and questions that surround putting that into practice. It is important to recognise at the outset that, compared with many countries, Britain has an immensely rich set of soft power institutions, resources and tools. In 2010, we were ranked joint first in the Institution for Government soft power index. In 2011, we were placed second, behind the USA. Soft power institutions, such as the British Council, the Westminster Foundation for Democracy, Voluntary Service Overseas, the Commonwealth Foundation and the BBC World Service perform a valuable role in developing trusting relationships with overseas countries.

Rehman Chishti (Gillingham and Rainham) (Con): I congratulate my hon. Friend on securing this important debate. On soft policy and achieving our foreign policy objectives, does he agree that a fundamental part of winning over people's hearts and minds, as we have seen in Afghanistan, Pakistan, Syria and Libya, has been the work of the BBC World Service in communicating that we have a lot more that unites us than divides us?

John Glen: Absolutely. I will come on to speak about the World Service in a moment. All those assets deploy so much of what is great about this country: the English language, arts, education, and the values of civil society and democracy.

I pay tribute to the work—since, I think, 1934—of the British Council. It now works on the ground in more than 100 countries, particularly in strategic areas such as the middle east, north Africa and in emerging economies. It may be helpful to know that last year it provided more than 1.3 million hours of English language teaching, supporting 5 million English teachers across the world. It now uses digital broadcasting to reach 100 million students. In addition, it provides exams and qualifications, and links UK primary and secondary schools, universities and arts bodies with overseas institutions in long-term beneficial partnerships. Despite taking a 26% budget cut in this comprehensive spending review period, it has a clear resolve to continue its core work by continuing to win competitive education and development contracts.

As my hon. Friend mentioned, the BBC World Service also makes a massive and effective contribution to the development of the UK's relationships abroad. It reaches 166 million people every week—through radio, television and the internet—in 27 languages, as well as English. Unlike the state-sponsored media of many of the countries in which it operates, its editorial independence ensures impartiality and objectivity. It is that professionalism and impartiality that generate trust and credibility overseas. The audience of BBC Arabic TV increased by more than 80% in recent months, including an increase in the online audience of 300% during the height of the Egyptian protests—clearly, it is a very powerful tool. Recent changes in funding streams and organisation will allow the World Service to work more closely with the domestic BBC, benefiting both the UK and other countries.

The Westminster Foundation for Democracy engages with political parties across the world. That work involves—I have done some of it—training party officials to develop their capacity to create policy, to campaign and to fulfil effectively their function as Government or Opposition parties in emerging democracies. That work builds up democratic institutions and understanding. It also generates long-term trusting relationships between those countries and the UK, and the individuals in those Governments and the UK. All these institutions leave a legacy and impact on the individuals who encounter them and inevitably lead many to develop a natural empathy, respect and affinity for our country.

As I suggested at the outset, given all that these institutions do, there is a need better to co-ordinate their work into an holistic vision for our foreign policy. We have to recognise—this is my experience of being a member of the Defence Committee and working for WFD—that different Departments and institutions naturally have varying perspectives on foreign policy and the status of our relationships with countries across the world. That includes the Department for International Development, the Foreign and Commonwealth Office and the Ministry of Defence, as well as soft power institutions such as the British Council and the BBC World Service. For example, the primary objective of DFID focuses on poverty and long-term development goals, but that might not always align with the immediate demands of a military intervention to secure a strategic objective for British foreign policy.

Rehman Chishti: My hon. Friend talks about the work of DFID, one aspect of which is education and its link to our foreign policy. We gave Pakistan £650 million for education to provide people with opportunity, aspiration and a life away from sectarian violence. That has implications for our own security—the training camps in Afghanistan and Pakistan were linked to the terrorist attacks in London in 2005. DFID's work on soft power foreign policy—giving people hope, opportunity and aspiration through education—provides a diversion from sectarian, ethnic terrorist tendencies.

John Glen: I am not in any way seeking to criticise any individual player; my core argument this afternoon is about the co-ordination between those contrasting perspectives. When I went to Islamabad last autumn, DFID's massive contribution was very clear.

Any one of these perspectives—development, diplomacy, military or culture—need not displace the others. Rather than picking one, or one being the lead, the challenge is skilfully to harmonise and develop a single, shared vision for our foreign policy. My experience in Afghanistan—in the DFID compound and then talking to people from the FCO and various military leaders—was that they all had a different perspective. What seemed to be lacking sometimes was a desire to integrate fully different views. If one had a clear development goal, it was very easy to find that goal in conflict with a military objective. Rather than seeing those different views as a barrier, the Government need to work systematically to synthesise those complementary perspectives and refine overall policy definition.

There are some excellent examples of where that already works in practice. The stabilisation unit, which is owned jointly by DFID, the FCO and the MOD, brings together expertise from those Departments with police and military personnel. It despatches task forces to conflict-stricken areas—for example, Afghanistan—to develop political processes, reduce conflict and violence, and provide a basis for future development. It remains unclear why the unit should be taken out of Afghanistan at the end of 2014.

The challenge to achieve the systematic co-ordination of different departmental perspectives on a large scale is compelling. We must identify different perspectives where they exist across Government. That will mean undertaking the difficult task of recognising where a departmental mindset is preventing co-ordination and collaboration with another Department's activities, perhaps between the FCO and DFID. No doubt some Departments and organisations will need to make compromises to agree a comprehensive strategy for the greater good of diplomatic and long-term relations in a region or country.

It is also desirable to aim for a closer working relationship between soft power organisations and the Ministry of Defence. As the ongoing work of the British Council in Libya has shown, soft power institutions can build relationships of trust ahead of and after military intervention in a country. If that approach can be developed in respect of future military interventions, it could ease the work of the armed forces, particularly when working alongside civilians. Working with soft power institutions and making use of diverse expertise could aid the MOD in defining viable exit strategies, rather than just asserting that those will exist. The institutions that I have mentioned have a more nuanced understanding of cultural barriers and attitudes of populations on the ground and can probably more reliably estimate what will be achievable by military means.

We need to recognise that Foreign Office diplomats, wonderful though they are, are not the only actors in British diplomacy. Although diplomats achieve much for British trade and political understanding, arm's length bodies, such as the WFD, working to build civil society and government infrastructures and developing strong relationships with emerging political parties, do much to develop trust and credibility where Britain's historic ties are less strong or apparent.

Our diplomacy must allow soft power institutions to play a more significant role in maintaining mutually beneficial, positive relationships throughout the world. As I have emphasised, the key challenge is overcoming ingrained departmental mindsets and historic positions to harness the complementary perspectives and resources of an increasing range of diverse institutions, especially arm's length soft power organisations.

We must put in place effective leadership, accountability and co-ordinating procedures throughout our institutions to enable what I am arguing for to work properly, and to define a sophisticated foreign policy strategy that serves the interests of the UK optimally across the globe. That will mean determined effort from Ministers and senior civil servants to put vested interests aside, and the instincts of the budget holder being left at the door as each Department recognises that others have something meaningful to contribute. It will also mean having difficult but vital discussions about our vision and objectives with individuals who may have a different starting point at the outset.

It is only through a determined approach of that type that the UK can maintain its unique standing in the world and make best use of these enormously powerful resources and assets that our great country possesses.

4.53 pm

The Minister of State, Foreign and Commonwealth Office (Mr Jeremy Browne): Thank you, Mr Bone, for giving me the opportunity to contribute to this short but important debate. I praise my hon. Friend the Member for Salisbury (John Glen) for securing it. I agree with his two central arguments: first, we need to ensure that soft power is co-ordinated across the Government and is not just seen in Departments and, secondly, it must be properly integrated with hard power, so that we can bring to bear Britain's collected and varied assets in an effective, focused way on the problems that we seek to address. Let me expand on that, because although that gets to the nub of it, I have the opportunity to speak at greater length.

The starting point for the Government is that there is a great role for soft power—probably a greater role than in the past—in today's international landscape. By soft power, we mean a state's ability to achieve preferred outcomes, not by coercion but by persuasion or attraction, building up networks, engaging with people at all levels to increase trust and respect and being prepared to listen and to show respect in turn.

Soft power is especially important as political and economic power spreads south and west. The countries that have traditionally exercised political leadership in the world over several hundred years are no longer able to ally their political roles with such a big share of the world's economy. Britain—others are in the same position as us—needs to bring to bear a wider range of assets to try to ensure that our position is understood and sympathised with around the world. We have many advantages in our favour, which I will come to.

Tristram Hunt (Stoke-on-Trent Central) (Lab): I apologise for being late entering this debate.

On the growth of power in the east, does the Minister agree that, although we have an extraordinary historical connection with countries such as India and China, it is clear that we can no longer trade on that historical relationship? As we begin to think about soft power, we cannot think that we necessarily have some cultural competitive advantage any more.

Mr Browne: I basically agree. A slightly more complicated answer would be that our historical and cultural connections, which are extensive around the world, can sometimes put us in an advantageous position compared to our competitors, but they sometimes put us in a disadvantaged position.

We should not assume that, just because Britain has a comprehensive range of historical ties with other countries, we are necessarily the preferred partner of choice of the Governments, or the people and companies, in those countries. We should not think that we are able to rest on our historical laurels. We need to ensure that our soft power advantages are continuously updated and are relevant to the interests of the countries with which we engage. Let me run through a few of them, so that hon. Members better understand my point.

It is reckoned by independent observers that four of the top 10 universities in the world are in the United Kingdom. I think that the other six are in the United States. Another way to make that point would be to say that we are the only country apart from the US with universities in the top 10 in the world. At any point, some 400,000 foreign students are studying in this country. That is a huge soft power asset. If people go to Malaysia, for example, as I do, it is striking how many of the political and business elite have studied in British universities and have a depth of understanding of Britain that is greater than would otherwise be so.

We have the second largest number of Nobel laureates—second again to the US. Our museums and art galleries and other cultural assets are envied and admired throughout the world. In respect of more popular culture, it is striking how popular the premier league football fixtures are around the world. They are watched by, I am told, 4.7 billion people in a season. I suppose that a lot of those people will be counted on a repeat basis. Nevertheless, that is an extraordinary amount of total dedication to watching events happening in the UK on television. UK premier league football is watched in more than 200 countries.

In political terms, we are unique—the right use of that word—in being the only country that is a United Nations Security Council permanent member and a member of the European Union and the Commonwealth. We have ties right around the world that are not replicated even by countries that are as significant as the United States of America and China.

My hon. Friend the Member for Salisbury mentioned the BBC World Service and the British Council, and I strongly endorse his support for those institutions. The foremost daily newspaper in shaping global opinion is the *Financial Times*—a British newspaper—and the weekly periodical that is most influential in shaping opinion around the world is *The Economist*, which is a British magazine. A persuasive case can be made for the BBC being the broadcaster that is most influential in shaping political opinion around the world.

All those different areas of thought leadership are amazing achievements, which we often take for granted. Not even the United States or, for that matter, Germany, France, China or Russia is leading the debate globally in that respect. Despite having less than 1% of the world's population, not the British Government but media institutions in Britain are at the forefront of shaping opinions around the world.

I take the opportunity to pay tribute to the Westminster Foundation for Democracy, which my hon. Friend mentioned. It is valued by Members throughout the House for its role in promoting elections, civic engagement and the development of political parties around the world.

5 pm

Sitting suspended for a Division in the House.

[Sir Roger Gale *in the Chair*]

5.15 pm

On resuming—

Mr Browne: Thank you, Sir Roger, for giving me the opportunity to resume my contribution to the debate. Before we broke for the Division, I was talking about Britain's soft power advantages and gave a number of examples. I was talking about the Westminster Foundation for Democracy and the significant role that it plays in promoting values that are endorsed with enthusiasm by parties right across the House.

I want to talk about co-ordination across the Government—something that my hon. Friend the Member for Salisbury mentioned in his introductory speech. Departments and publicly funded bodies are facing the challenge of how we can make the most effective use of the money that we have. There is a role for us to identify ways in which we can work even more closely together. We have already undertaken an exercise on how that might work in practice, and we will publish the results later in the year.

We have to tread warily, however. Many of the United Kingdom's most effective soft power resources are independent of Government control. It is that very independence that makes them valuable—a point that was acknowledged by my hon. Friend in his speech. People who might not wish to talk directly to the British Government will engage with them, so we should not do anything that is perceived as compromising that independence. That does not mean that we should not look for opportunities to work together with our partners as much as possible. I shall give two examples.

First, I was recently in Brazil, where our UK-Brazil season later this year will bring together the Foreign Office, UK Trade & Investment and the British Council, working in tandem with other Departments, commercial organisations and cultural institutions, to promote the UK and to build new dynamic partnerships. Secondly, the Great campaign, launched by the Prime Minister in September, involves the Foreign Office, the British Council, UKTI and VisitBritain. That single campaign brings together all our overseas activity to promote Great Britain under a common banner, to get people from around the world to visit the UK and to do business here. It is expected to deliver 4.6 million extra visitors to the UK, generate tourist spending of £2.3 billion and create almost 60,000 new job opportunities.

The Foreign Office's work on the Olympics and Paralympics has brought in a wide range of partners, both inside and outside the Government, working together to use the 2012 spotlight to build the reputation and influence of the UK right around the world. They will attract almost 15,000 athletes and will be held before

almost 11 million ticket holders and an estimated global audience of 4 billion people. It is a great opportunity for us; they are distinctive events. Together with the royal jubilee this summer, that focus on Britain will be envied by every country around the world—even, I would venture, the United States. The events are important in their own right; they are not public relations events. Nevertheless, we need to be alert to their positive implications for how Britain is perceived globally.

We have been considering how to bring the elements of soft and hard power in a cohesive way into what is sometimes referred to in the jargon as smart power. Military power does not provide the only, or even the best, answer to many of the world's challenges. Economic and social solutions to intractable problems are at least as important. The building stability overseas strategy, which was launched in July, was the first integrated cross-Government strategy to address conflict issues. Earlier in the debate, we discussed how some of that work had been carried out, and Pakistan was cited as an example of where different Departments and agencies are working together to achieve their departmental objectives, as well as the overall objectives of the United Kingdom Government.

Promoting stability in fragile countries reduces the threat of national and regional conflict. Instability and conflict provide fertile grounds for terrorist and criminal activity, thus preventing economic development and promoting migration. As part of that strategy, we have been working not only with the Ministry of Defence and the Department for International Development, but with key international stakeholders including non-governmental organisations and international partners, to improve our ability to anticipate potential conflicts and take fast and effective action to prevent a crisis and to help build robust societies.

Soft power is not an end in itself, but a capability to be used in pursuit of a wide range of foreign policy objectives. To make the most effective use of soft power, we must recognise not only the strengths and weaknesses of our partners, but how we are perceived by our target audiences. We must be prepared to engage carefully and respectfully with those whom we wish to influence, and we must use all the channels available to us. Soft power must also be fully integrated into policy making and delivery.

I believe that soft power will become more important in the years ahead. In terms of expenditure, Britain has the fourth largest military in the world, and we are the world's sixth or seventh biggest economy, depending on how that is measured. As I have said, we possess key advantages such as our permanent membership of the United Nations Security Council, and we are leading members of both the European Union and the Commonwealth. Those formal expressions of power remain important in promoting our national interests and foreign policy objectives, although the ways in which countries exercise influence in the world are often becoming more subtle and varied than the exertion of formal power by a Government.

The United Kingdom has many attributes that are admired, such as our education sector, culture, sport and civic society, and that is a huge asset for the country around the world. Where appropriate, the Government are determined to make the most of such attributes, although many of those things are not necessarily led or directed by the UK Government, but are attributes of British society as a whole.

It has been a pleasure to serve under your chairmanship, Sir Roger, and again I congratulate my hon. Friend on giving the House the opportunity to discuss this important issue.

Unemployment (Halifax)

5.23 pm

Mrs Linda Riordan (Halifax) (Lab/Co-op): I am delighted to have secured this debate, and to serve under your chairmanship, Sir Roger. I also thank the Minister who will reply to the debate. Before I get to the heart of the issue, however, I would like to paint a background picture of Halifax and describe the social and economic situation in which we find ourselves today.

I grew up in Halifax and went to school there, and I know the people of Halifax well. It is a great place in which to live and work. No one wants to be out of work, but sadly far too many people are. People do not want handouts but the chance to do a good day's work for a good day's wage. People do not want to live in—and I do not want to represent—a town where levels of unemployment might be at 15% or 20%. I requested this debate to place on the record what is happening in Halifax, and say why something needs to be done.

Even if the possibility of 20% unemployment in Halifax sounds a little exaggerated, that is sadly where we could be heading unless something radical is done to get people back into work. In recent times, too many regeneration schemes have been axed and new projects scrapped, and too many policies have made the poor poorer, instead of giving them hope of work.

For many years, jobs in Halifax and Calderdale came from a number of industries that sadly are either no more, or are shadows of their former selves—I am talking about engineering, manufacturing and, going further back, the woollen industries. Over the past two or three decades, we have seen a steady decline in those industries that provided employment to key groups of people in my constituency. Today, the two biggest employers are the Lloyds Banking Group—better known to most local people as either the Halifax building society or HBOS—and Calderdale council. Other key employers include the hospital in Calderdale and the primary care trust, and other public sector employers.

Well-run private companies such as J&C Joel in Sowerby Bridge, Harveys department store, or Iplas recycling group in the heart of Halifax, together with many more small companies, provide much needed employment and are key businesses in my constituency. They are models of how to make a profit, provide employment and maintain a dedicated and motivated work force. Over the years, Halifax has relied on specific sectors to provide employment, but when those sectors declined, a vacuum was created. In Halifax, it has never been enough to rely on private sector jobs to fill the void that is created when public sector jobs are lost. The town needs much more than that, which is why regeneration schemes, investment in new schools and the new hospital, together with a strong public sector and the right macro-economic policies, have helped maintain levels of employment in the town.

Craig Whittaker (Calder Valley) (Con): I thank the hon. Lady for securing this debate. My constituency is also in the Calderdale district, and like her, we are all concerned about unemployment, although I think that the figure of 20% may be a little far-fetched. As MPs, we must do all we can promote the area for business growth, which we know to be the key thing. That is particularly true when 20% of constituents in Halifax and Calder Valley work in manufacturing.

Does the hon. Lady agree that although we are incredibly concerned about unemployment, we must also celebrate success? I highlight the example of JLA in Ripponden, which has spent £1 million; KT Hydraulics has recently spent £2 million, and Decorative Panels has invested £8 million. Boxford has recently moved from the hon. Lady's constituency to mine, spending £6 million and creating many jobs.

Sir Roger Gale (in the Chair): Order. I have been very tolerant, but an intervention must be an intervention.

Mrs Riordan: I thank the hon. Gentleman for that intervention, and as I will show later in my speech, I do not intend to talk down Halifax—quite the reverse. I saw the *Halifax Courier* on Saturday night and read about the new jobs that have been created in Calder Valley. The *Halifax Courier* is a great source of local knowledge. It talks up Halifax and I have worked with it on many local campaigns, including that to get a direct train service to London, which we accomplished a couple of years ago.

Why have I called this debate today? It is not to make overt party political points, but rather to set out the background and put on the record the current unemployment figures in Halifax which, I am afraid, speak for themselves. I find such figures alarming and wish to seek answers and assurances from the Minister about what can be done. What can be changed, and what initiatives is he planning to ensure that levels of unemployment start to reduce in my constituency?

David Simpson (Upper Bann) (DUP): I congratulate the hon. Lady on securing this debate; the difficulties that she has expressed are mirrored in many of our constituencies. Does she believe that the onus should be put on apprenticeships and further education colleges to provide proper courses for what industry needs, together with a closer working relationship with organisations such as the CBI and the Federation of Small Businesses?

Mrs Riordan: I thank the hon. Gentleman for his intervention. I agree with his point about apprenticeship schemes. In fact, just last Friday, I visited Goodall Transport in Sowerby Bridge in Halifax. It has been there for quite a few years. It would like more money coming up north, because it sees money directed more to the south of England. Also, it struggles with paying VAT before it gets that VAT into the company. It might invoice someone today and have to pay the VAT at the end of February, but not get the VAT by then. Perhaps the Minister will reply to that.

I hope that the Minister agrees that the current levels of unemployment in the town that I represent are unacceptably high, that the current upward trend in the number of people out of work is alarming and that a worryingly large number of those people are in the key 18 to 24 and 25 to 50 age groups. For example, the number of people out of work aged 24 and under has gone up by more than 25% in the last year, and in the 25 to 49 age group, it is up by more than 15%. The overall employment rate is only 66%. That is an alarmingly

low level. I hope that the Minister shares my concerns about those rates. Does he agree that under one in four of the active adult population out of work in Halifax is a damning statistic? Will he outline what initiatives can be taken to improve that situation and put in place job creation measures as a matter of urgency, not just at macro-economic level, but at a micro-economic level that benefits my constituents?

Earlier today, I was looking at the statistics from five years ago. The unemployment level in Halifax has nearly doubled in that period. Despite the stereotyping last week of benefit claimants, they are people who want to work and need to work. The whole social fabric of a town can collapse if unemployment levels get too high. Let me be clear: I think that one person out of work is one too many. Does the Minister share my concerns about the figures that I have mentioned? What policies can he introduce to help to stem the flow of job losses, which is rapidly becoming a torrent?

The current situation is fragile, and the campaign to save jobs in the town's two biggest employers—Lloyds HBOS and Calderdale council—goes on. The knock-on effects for the town of more job losses at those two big employers would be devastating. As Roger Harvey of Harveys department store regularly says to me, "Many town centre businesses need and rely on these jobs." The fabric of the town is held together by them, and we need both a strong public sector and a private sector in Halifax to ensure that the town's economic and social base is held together. With the greatest politeness and respect, I say to the Minister that the Government might be misunderstanding towns such as Halifax if they think that a reliance on private sector jobs will create new jobs or replace the ones that are being lost and being lost at a rapid rate.

In that sense, every effort should be being made to protect all jobs at Lloyds HBOS. The Government own more than 40% of that company. Will the Minister tell me what input he has into the board of Lloyds and what he is doing to protect jobs in Halifax and other constituencies? Will he also tell me how shedding public sector jobs helps towns such as Halifax? Will he do all that he can to compensate for those losses and outline what measures he is taking to ensure that new jobs will be created?

Calderdale council is at the heart of the Halifax and Calderdale economy. The reductions in council budgets are hurting the town. Again, may I gently mention that towns in the home counties and other parts of the country can better absorb public sector job losses? When there is a private sector, or towns have grown up with more service-based industries, new jobs can be created much more easily. In northern towns such as Halifax, which have always had a strong and important public sector, that is much harder to do. I hope that the Government fully realise what makes the economy in places such as my constituency tick and how cutting the public sector, but not giving the private sector the means to create new jobs, leads to a damaging and shocking increase in unemployment.

I do not want to knock everything. There are success stories, such as those that I mentioned at the beginning of my speech. I recently visited the Iplas recycling company. The managing director, Howard Waghorn, has visionary and innovative ideas for his company. Likewise, the order book of J&C Joel in Sowerby Bridge continues to expand. However, those are well-run, long-established companies. The new industries and entrepreneurs with innovative ideas needed for the 21st century will not appear in towns such as Halifax simply through the waving of a magic wand and hoping that new jobs are created. I do not want to pretend that everything in Halifax is gloomy. It is not. We need to keep our self-confidence and hope. There are success stories. I am sure, or rather I hope, that the Minister will quote them back to me when he replies.

In essence, I would like the Minister and the Government to recognise the underlying problem that exists in towns such as Halifax, not hide away from it. I hope that the figures that I have cited alarm the Minister as much as they have alarmed me. I would like to hear some answers about what can be done, not excuses for what has not been done. I would like the Minister to assure me that job creation and regeneration schemes will be targeted on Halifax. The initiatives from the Department for Communities and Local Government will help Calderdale council. However, we want not short-term fixes, but long-term solutions. Therefore, I would be grateful if the Minister outlined what his short and long-term plan is for reducing unemployment in Halifax today, before the terrible consequences of further unemployment become a crisis, with people out of work and the whole social fabric of the town ripped apart.

5.37 pm

The Minister of State, Department for Work and Pensions (Steve Webb): I congratulate the hon. Member for Halifax (Mrs Riordan) on securing the debate and on the very measured but passionate way in which she presented her case. I entirely agree with her that one person unemployed is too many and that the rise in unemployment in Halifax and other towns is absolutely a source of concern. She said that something must be done, and I entirely agree. I hope to use the few minutes available to me to set out what the Government are doing to deal with some of the very important points that she raised.

To set the context, for claimants of jobseeker's allowance, the national average rate is just under 4%. The figure for the hon. Lady's region, Yorkshire and Humberside, is 4.6%, but the figure for Halifax is 6.4%, so her town is above average in the region, and the region is above average in the country. I therefore take the point that she makes about the particular pressures on her town.

Part of the Government's strategy is to move away from some of the schemes that unemployed people have faced in the past. The hon. Lady and I will both have met people who were sent on a scheme by the jobcentre and came away from it thinking, "What was the point of that?" It did not help them to get a job, yet the provider of the scheme got paid and went home happy. We want to change that. We want to move, and are moving, towards a system whereby the companies that we pay to help people from unemployment, from incapacity benefit and so on into work get paid only when they deliver.

The whole philosophy behind the Work programme, which is still gearing up across the country and gathering momentum, is that the providers get paid only when they get people into jobs and, specifically, when they get people into sustained jobs. The bulk of the money is end-loaded. They get very little money up front, and if

[Steve Webb]

they do not deliver for the people of Halifax, they do not get paid. That is a sea change from the sort of schemes that we have had in the past.

Let me give the hon. Lady a flavour of what is being provided in the west Yorkshire area, within which her constituency falls. In each area, we have two prime providers for the Work programme. They are the main contractors, and we have two because they have to compete against each other to do their best for the people of west Yorkshire. Each year, we look at how each provider has done, and if one is doing a better job than the other, more people are referred to it, so the successful providers that are good at getting people back to work receive more referrals and make more money from that. We do not mind them making money from it, because they are saving the taxpayer money and helping the individuals concerned.

The two main providers in the west Yorkshire area are Best and Ingeus. Best has a series of subcontractors that provide services to the hon. Lady's constituents. One of the reasons that people get stuck on out-of-work benefits—not just jobseeker's allowance, but incapacity benefits, employment and support allowance and so on—is that they have physical or mental health issues. Condition Management Partners, a subcontractor in west Yorkshire, helps such people to overcome their mental or physical health issues by providing cognitive behaviour therapy, motivational interviewing techniques and other such therapies. That is a voluntary third sector organisation working with a prime contractor to help people who have barriers to work.

We want to make sure that there is not a core of people in Halifax who have just lost touch with the labour market. The longer such people are out of touch with the labour market, the less chance they have of getting a job. We need to get them back in contact with the labour market. I entirely take on board the hon. Lady's point that there needs to be jobs for them to go to, and I will say a bit more about that later. We want the people who have been on long-term benefits, particularly incapacity benefit and jobseeker's allowance, to be effective competitors for those jobs. We know that jobs are being created and that vacancies will exist. There are hundreds of vacancies even now at the hon. Lady's local jobcentre. We want the people who have been on long-term benefits to be effective participants in the labour market, so that when jobs come up, they can apply for them and get them, thereby breaking out of that cycle of long-term benefit dependency.

Another subcontractor of Best is Forster community college, which is a public sector organisation in the supply chain that provides help for Work programme participants with drug and alcohol issues. It also provides specialist support for ex-offenders and homeless people. For all those people, the danger is that their characteristics are such that they appear less attractive to employers. When private sector, or even public sector, jobs are created, they are always at the back of the queue and then get stuck on benefits. We want to make them as attractive to employers as everybody else so that they do not get stuck on benefits.

The other main provider in the hon. Lady's region, Ingeus, has a series of subcontractors, including a group called Specialist Health Advisers, which is helping people with the basics such as exercise and healthy eating. The barriers preventing long-term unemployed people from being effective participants in the labour market include having got out of the habit of work, having got out of routines or not looking after themselves. We are trying to tackle many of those issues. Part of our strategy is getting people who are on benefit to be attractive to employers. I entirely take the hon. Lady's point: unemployment has gone up. None the less, employment is still up compared with 18 months ago. There are more people working than there were 18 months ago. Somebody is getting those jobs, and the challenge is to ensure that help goes to the people of Halifax who are perhaps the furthest from the labour market and who are in most need of support and intervention. We pay extra for that. If somebody is unemployed but could probably get themselves a job, they do not come near the Work programme, but if they have been long-term unemployed or long-term sick, we pay extra money—in excess of £10,000 in some cases—to a provider to get that person into work. We must tackle what I call the supply side. We need to ensure that unemployed people are supported and enabled.

I am sure that the hon. Lady would be the first to say to me that that is not enough. Clearly, there have to be jobs available. She mentioned some successful private enterprises in her constituency. She mentioned an environmentally friendly company. We will shortly be launching the Green investment bank, which will provide money specifically for new enterprises and growth industries. This is not just about London and the south-east; it cannot be. We have a regional growth fund that specifically helps areas that are dependent on the public sector to make the transition to a better balance between public and private. There will always be an important role for the public sector in her area, but there is no reason on earth why, with the right support, Halifax should not have a thriving private sector as well.

Let me give one example of the incentives that we are giving. New businesses outside London and the south-east will be exempted from up to £5,000 of employer national insurance contributions for each of the first 10 employees they hire. That is a concrete and practical thing, which I am sure she will welcome.

We are also using deregulation as a way to help small businesses. I remember that at one point my local party wanted to employ its first employee. I was absolutely horrified by all the paperwork involved and the bureaucracy of running PAYE. There is a real barrier to taking on that first employee. We have said that all small businesses will be exempt from all new regulation for the next three years. Therefore, we are saying to people who start new businesses, "We are on your side. We want to give you support." We are lowering the rate of corporation tax, with the small firms rate cut to 20%. Again, we are trying to ensure that, where a company makes a profit, it keeps more of it so that it can invest it in the local area.

We contacted the Jobcentre Plus district manager in preparation for the debate. I know that Jobcentre Plus is working very hard. Next week, for example, it is hosting a jobs fair to coincide with national apprenticeships week. I understand that the district manager would be very pleased to meet local MPs on a one-to-one basis. If the hon. Lady is happy to take up that invitation, he will talk through some of the issues that she has raised

today that we may not have the chance to cover in as much detail. No one can supply as much local detail as the Jobcentre Plus manager on the ground.

The hon. Lady mentioned young people. I agree that unemployment is devastating for anybody, but at the start of somebody's working life, it is a particular tragedy. That is why I am pleased with what the Government have been able to do on the apprenticeships front—an issue that was mentioned by the hon. Member for Upper Bann (David Simpson). My understanding is that, last year in Halifax, there were 1,150 apprenticeship starts. That programme is being expanded and we will update those figures shortly. Many people recognise that the apprenticeship scheme, which is linked to an employer and is about learning and applying skills, is a much better way of dealing with youth unemployment. It gives young people a focus and links to an employer. Although it does not guarantee a job, it makes someone more employable and gives them a reference. I am proud that the Government are doing so much in that regard.

I must admit that I am not an expert on Halifax. I was not aware of the full details of the hon. Lady's constituency. I should say, however, that normally my right hon. Friend the Employment Minister would be responding to this debate, but with the Welfare Reform Bill going through the House, he has had to be in the main Chamber. I had a look at some of the figures for Halifax, which I am happy to leave with the hon. Lady. I have a chart that shows the number of people who have been on out-of-work incapacity benefits for the last decade in Halifax. What struck me was how the number had not moved. For 10 years, despite the booms and the busts, there was the same number of people—obviously not all of them are the same people but many are—stuck on the list. I entirely take her point that we should not stigmatise or parody the position of people on benefits. Although many people are on benefits through no fault of their own, we have allowed ourselves to get to a situation in Halifax and in many other such towns in which nearly 5,000 people have consistently been on ESA or incapacity benefit for the last 10 years. The question is: are we doing right by those people? Many of them will be in their 50s. If we just left them alone because there are not many jobs, we would be saying, "You can be on incapacity benefit for another 10 years and then you can have a pension, but it won't be much of a pension because you haven't been working." We can do better than that, which is why we are keen to have these Work programme providers incentivised to help the long-term sick and disabled to overcome the barriers to work which get greater the longer people are out of work.

The hon. Lady asked about the Government's macro strategy. She mentioned public sector job losses. She would accept, I think, that a substantial rebalancing of public spending had to be done. She was not unduly partisan in her remarks, so I will not be in my response, but it is commonly known that substantial public sector savings had to be made.

Given that—this is from memory—roughly two thirds of everything that Government spend is spent on pay, and that is certainly true if we exclude social security benefits, we cannot scale back public sector spending without significantly scaling back public sector employment, particularly if we are going to protect pensions and so on. It can be done partly through pay, as the Government have obviously done, but it will also imply a smaller public sector. It is therefore doubly crucial that we assist towns where the public sector—the local authority, the hospital and others that the hon. Lady mentioned—has been a major employer.

The hon. Lady described what has happened to the private sector and how the wool industry among others is in long-term decline. The public sector will not fill that void. Across Europe, Governments are retrenching, so it would be dishonest for me to say that the public sector will take up the slack. I think that she and I are agreed that the vital thing is to facilitate a vibrant private sector, but I also agree with her that that will not just happen. Part of the solution is about skills and training—I have mentioned apprenticeships—part of it is about unsticking the folk who get stuck on benefits and part of it is about the overall macro-economic position.

To give one example, the hon. Lady mentioned her local department store, which needs people to have spending power in their pockets. My right hon. Friend the Deputy Prime Minister has been pressing for a rise in the tax threshold, and the Government are committed to that. Instead of low-paid people paying tax after roughly £6,500, as they did last year, by the end of this Parliament they will not pay tax until after £10,000. That extra £3,500 at a basic rate of 20% is an extra £700 a year in their pockets, and I know that it would be very welcome if we moved faster on that.

People at that level of income tend to spend it. We know that, if we put money into the hands of those on lower and modest incomes, they will spend it. When we faced difficult decisions before Christmas on what to do about benefit levels for the coming year, there was a lot of debate about consumer prices index inflation peaking at 5.2% in the year to September. That very high figure has come down significantly since, so what was the case for using the full 5.2% for jobseeker's allowance, ESA and all the main benefits, as we did? One of the things that convinced us that it was the right thing to do was the fact that those people would spend that money, thus boosting the local economy, and that decision will have helped the hon. Lady's constituency, where benefit income is a significant part of income.

We agree with the hon. Lady: something must be done, and it is being done at both the macro and micro level. I hope that she will continue this conversation with her local Jobcentre Plus district manager, who, I am sure, will be pleased to meet her.

5.52 pm

Sitting adjourned without Question put (Standing Order No.10(11)).

Westminster Hall

Thursday 2 February 2012

[Mr David Amess *in the Chair*]

BACKBENCH BUSINESS

Network Rail

Motion made, and Question proposed, That the sitting be now adjourned.—*(Michael Fabricant.)*

2.30 pm

Mrs Anne Main (St Albans) (Con): It is a delight to serve under your chairmanship this afternoon, Mr Amess, for what I am sure will be a lively and engaging debate. I thank the Backbench Business Committee for providing the time and all colleagues who added their support to the proposal for the debate when it went before the Committee, in particular my hon. Friends the Members for Suffolk Coastal (Dr Coffey) and for Ipswich (Ben Gummer), the vice-chair of the all-party parliamentary rail group the hon. Member for Luton North (Kelvin Hopkins), the Chair of the Public Accounts Committee the right hon. Member for Barking (Margaret Hodge) and many others.

The debate is timely and much needed. Many colleagues have expressed concern that Network Rail has been failing on so many levels. It has failed to deliver a successful, well-run system that is value for money, transparent, accountable, open to scrutiny and fit for purpose. Network Rail has been subjected to serious criticisms in a recent Select Committee on Transport report and in the media. The White Paper expected in 2011 has been delayed, the McNulty report in 2011 raised major issues about Network Rail and I, too, have expressed concerns over failing performances on dozens of occasions in the House. As I said, the debate is topical and, indeed, overdue.

It is a simple premise that to deliver an efficient, mobile work force, we need a decent, well-run and affordable rail transport service. People of all ages expect a rail service fit for the 21st century. The travelling public are being asked to pay ever more for their rail fares, and we must ask serious questions about the services they are experiencing up and down the country. In my constituency of St Albans, passengers are heartily fed up, because commuters pay the highest fares in the country and routinely experience a dismal, erratic service with regular delays. In January 2010 the service was appalling, prompting me to call for an urgent question in the House. Without notice, overnight and at a stroke, the timetable was cut by 50% because the rail company could not deliver a full service schedule. Much of the problem was directly attributable to Network Rail which was leaving trains stranded south of the river and not investing in dealing with frozen rails and overruns. My constituents were angry, and it was a miserable time. Things have improved since, but they still receive a service that falls far short of what they deserve. Commuters tell me that, at a rail cost of 30p per mile, they are seriously considering going back to their cars, and who can blame them?

Sixty-four per cent. of delays to my service over the past year were directly attributable to Network Rail and its failings, with a massive impact on the passenger experience. According to recent data, the overall customer satisfaction on my First Capital Connect line, FCC, was the lowest in the country, including value for money, punctuality, sufficient room on trains, satisfaction with the stations and how the train operating companies, or TOCs, dealt with the delays. As I am sure many other right hon. and hon. Members present do, I monitor the rail service and its failings in my constituency, and I am in close contact with my train operator, FCC. I get updates, which do not always make good reading. Almost weekly, I get e-mails from FCC and from my constituents about signal failures and other problems associated with Network Rail once again causing severe delays to the line. The train operators are not without blame but it is impossible to improve a service substantially if Network Rail is at the root of so many delays and overruns—as I said, 64% in my case alone.

On a related issue, rail freight company HelioSlough is trying to cram a strategic rail freight terminal on to my green belt, in a highly contentious proposal. Numerous concerns were expressed about whether the east midlands line could cope and had the capacity. At the inquiry, my TOC asserted that the proposal would decimate passenger services; FCC illustrated its point with comprehensive data, showing that it was highly questionable whether the freight paths would truly be available, in particular after the implementation of the high-speed Thameslink project. FCC chose to attend the inquiry for several days to outline its engineering and logistical concerns, and its representatives were cross-examined by the inspector, who was extremely knowledgeable about rail. Network Rail, however, did not bother to send anyone to the inquiry or subject itself to any cross-examination of data, but just blithely asserted in a short letter—only one side of A4 paper, I think—that everything would be fine. The inspector said that he and indeed FCC must take those at Network Rail's word for it—as "the experts".

I wish to put on record that if the decision that currently rests with the Secretary of State is for a rail freight terminal to go ahead, the project will devastate my constituency with all the heavy good vehicles accessing the site through village roads. Network Rail did not even have the confidence to appear at the inquiry and to defend its views with the back-up of data, which I suspect would not have stood up to rigorous scrutiny or to the questioning of the inspector as experienced by my TOC. Network Rail presides over a shambolic railway, misses most of its targets for both passenger and freight and yet is still regarded as "the experts". As the Member of Parliament for St Albans, I urge the Secretary of State, even at this late hour, to reject the unsubstantiated assertions of Network Rail on the project. They are not to be trusted. Network Rail has told me that, if enough paths for freight cannot be found, it will of course prioritise passenger services, so I should not worry. That would still leave St Albans with a massive road-to-road freight depot in my green belt, and my constituents deserve better from a body funded with taxpayers' money.

We must ask whether there is a better way to run the railways. The debate has the simple title of "Network Rail", and colleagues may focus on different aspects of Network Rail and its impact in their own constituencies.

[Mrs Anne Main]

The areas of concern that the debate should cover, however, include costs, executive pay, the total lack of accountability, the role of the Office of Rail Regulation, and service failures and their impact on the TOCs. I hope we will then hear from the Minister about a way forward for our railways.

Network Rail accounts for 28% of the Department for Transport's budget until 2013-14. Network Rail is a chimera, basking in the notion that it is a private company, but it is dependent on massive handouts from the British taxpayer. It was described by my hon. Friend the Member for Spelthorne (Kwasi Kwarteng) in the Select Committee as

"neither fish nor fowl...neither a private business...nor...a public business."

Network Rail has a financial indemnity in place, so its debt is entirely supported by the Government. As of 2009-10, that debt was £23.8 billion, and it is set to rise to £31.5 billion by 2013-14. Network Rail's debts, however, do not appear on the Government's balance sheet. Somehow, it is classified as a fully private company, a private firm simply backed by Government, but many would question that classification. It has no shareholders and pays no dividends, but it pays itself very well. The Government seem relaxed about that debt, and the Secretary of State for Transport said in July that it was a matter of "complete indifference" to the Government whether Network Rail's debt came on to or off the Government's balance sheet. The taxpayer might beg to differ.

The structure is highly questionable; it was, sadly, devised under the previous Government, and it has allowed a culture of high pay and large bonuses to prevail for many years. Network Rail is reliant on the public purse but lavish with executive remuneration. One has to ask why the previous Government did not choose to tackle the issue since it created the monster. Network Rail was apparently set up with no mechanism in place to control the level of financial rewards or bonuses, which is topical, because there was a question today for the Leader of the House on that very matter. The situation is a disgrace and should be rectified.

We must now look to the future and ask for changes to be made. If we are to be seen as a Government wishing to tackle fat cats, their bonuses and lavish pay in what I believe to be the public sector, Network Rail must come under scrutiny. Until this year, the chief executive of Network Rail was the highest paid public sector employee, earning over 10 times more than the Prime Minister. In 2009-10, Iain Coucher, the chief executive at the time, had a salary of £613,000, a bonus of £641,000 and a pension payment of £178,000. I believe that he was extremely overpaid, despite delivery of poor performance; I cannot think of a bigger reward for failure.

The new chief executive of Network Rail, David Higgins, receives, according to an article in the *Evening Standard*—it has been hard to track down the exact figure—a salary of £560,000. However, only three days after publicly apologising for the failings of Network Rail that contributed to the deaths of two teenagers, Mr Higgins and other top executives appear to be going to their board to ask for a six-figure bonus. For Mr Higgins alone, that will be £336,000. For 2010-11, board members were all receiving salaries above £300,000 and up to £440,000, with what are deemed incentives ranging from £62,000 to £91,000. In light of such poor—indeed, abysmal—performances, one may ask what those incentives were for.

Network Rail presides over a shambolic, poorly delivering system. Top executives appear to be comfortable in the knowledge that they will collect annual bonuses regardless of poor performance. Does the Minister think it appropriate, in light of their performance, that Network Rail should pay large bonuses to top executives? If not, what mechanisms can we put in place to stop that happening?

Given the amount of taxpayer support, it would be reasonable to assume that we could know how the money is being spent, whether we are getting value for money, what the project costs are and whether they are reasonable. However, Network Rail is currently not subject to the National Audit Office, freedom of information requests or even market forces. It has been asked whether it will endure such scrutiny. The new Network Rail chief executive, David Higgins, said that he would welcome freedom of information requests. However, he also said:

"That is a decision for Ministers, and I think it is on hold until after the value for money and the White Paper...it is not a decision of Network Rail, but it is a decision that the Government and Ministers need to make. If they...do it, I welcome it. I have operated under FOI for years and I don't have any problem with it at all."

I am so pleased to hear that. I hope that the Government are considering taking the decision to subject Network Rail to freedom of information requests if it is in their ownership to do so. Will the Minister tell us at the end of the this debate whether he intends that Network Rail will be subject to freedom of information requests?

Sir Roger Gale (North Thanet) (Con): On that issue, when Network Rail fails a train operating company, it has to pay compensation to the train operating company. The train operating company does not pass that compensation on to the passengers who are in turn being failed. When we ask Network Rail for the figure, we are told that we cannot have it because it is in confidence. My hon. Friend is absolutely right in her request.

Mrs Main: I thank my hon. Friend for his intervention. The passengers are compensated to an extent, but it is a very limited form of compensation. Believe me: First Capital Connect was paying out tons of it as of 2010. As my hon. Friend will hear me go on to say, it is our money paying the fines. That is ridiculous. I hope that freedom of information requests will be allowed. It seems that that is within the Minister's gift.

Network Rail is not audited by the National Audit Office. It is audited by PricewaterhouseCoopers, but that is simply to check whether the accounts are in order. It is not audited on the basis of value for money. The National Audit Office remarked that the Department's

"understanding of the relationship between cost and value was weakest in rail".

It also says that a

"lack of transparency on Network Rail's costs is consistent with our past reports on the Department and the Office of Rail Regulation."

That has been highlighted for a significant period; there is a long-standing concern about a lack of transparency on costs. Can the Minister tell us today whether we can expect Network Rail to be subject to auditing by the National Audit Office? I ask that because I would like clarification. The National Audit Office is saying that it cannot gain an understanding of the position because Network Rail's own figures are vague. Will the Minister clarify that we can strengthen the role of the National Audit Office?

The Public Accounts Committee has been especially damning of Network Rail's accountability. In a 2011 report, it said:

"Network Rail has no accountability to shareholders, nor does the National Audit Office have full access, so Network Rail is not directly accountable to Parliament."

It went on to say that it

"unfortunately won't be able to give a clear opinion on the whole-of-Government accounts

until Network Rail's status changes. That could well be the crux of the debate: how we change the status of Network Rail. Does the Minister accept the need to change the status of Network Rail? Does he share the concerns of the Committee that Network Rail is not accountable to anyone, particularly its paymasters in Parliament?

The Office of Rail Regulation is not holding Network Rail to account in any meaningful way. Anyone who watched the "Panorama" documentary last month will have seen Cathryn Ross, director of railway markets and economics for ORR, giving her responses. She confirmed that ORR has to be given the information by Network Rail in order to regulate it. However, as we have seen with the National Audit Office, getting any detailed information out of Network Rail is well nigh impossible. When pressed, she appeared totally unable to detail in any meaningful way any scrutiny that had been carried out on behalf of the regulator. Does the Minister find it unsatisfactory that ORR must rely on information supplied by Network Rail in order to act?

Only this week, Network Rail has been found guilty of serious failings that led to the tragic deaths of two teenagers—Olivia Bazlinton and Charlotte Thompson. There were not only failings in health and safety, but suggestions of a cover-up within Network Rail at the highest levels, aimed at concealing its mistakes. The families said in the media that they felt "lied to", so can we really rely on Network Rail to give accurate information to anyone, even ORR?

The rail regulator is looking to expand its role. Given its mixed record on regulating Network Rail alone, its expansion is highly questionable. Michael Roberts, chief executive of the Association of Train Operating Companies, said in December:

"Train companies recognise they need to be held to account but plans to expand the ORR's role to include more oversight of operators must be rigorously tested. The regulator needs to continue focusing on doing a better job of holding Network Rail to account, particularly on performance and cost-efficiency, before taking on new responsibilities."

The Public Accounts Committee said in relation to ORR's performance that

"we do not believe that the Regulator exerted sufficient pressure on Network Rail to improve its efficiency, and that there is an absence of effective sanctions for under-performance in the system...We doubt whether the Regulator is able to exert sufficient pressure on Network Rail's performance".

It has also said:

"The Office of Rail Regulation does not have a grip on Network Rail's efficiency and appeared remarkably relaxed about the continuing gap in performance between Network Rail and international comparators."

Those are hugely damning observations; they are damning in so many different areas. They question the ability of ORR to deliver on any meaningful level. Should the Government be allowing ORR to expand its role when it so obviously cannot do the role that it already has? Does the Minster share those concerns? Will he consider ways to improve the rigour of ORR's role?

Network Rail can be financially punished by ORR through fines. However, Network Rail is financially supported by the Government. As my hon. Friend the Member for North Thanet (Sir Roger Gale) pointed out, fines go to the Government from Network Rail, which receives Government money. That is a ludicrous circle. Highly paid executives are paying for failures with public money.

ORR can also impose enforcement orders on Network Rail if it misses its targets, which it does on numerous occasions. That may sound impressive, but it amounts to Network Rail having simply to suggest plans to meet targets. We have spoken about the current targets. There is already an admission that Network Rail is highly unlikely to meet the new targets. That is disgraceful. The organisation is a toothless tiger. That has to change.

The "members" of Network Rail, the stakeholders, are also meant to hold Network Rail to account, but they, too, rely on Network Rail's own disclosure of the figures to do that. We keep coming back to the fact that no one can hold Network Rail to account unless Network Rail wishes to hang itself with its own figures. It simply chooses not to do so, or puts them in such a way that it is impossible for anyone to hold it to account.

The question that must be asked, and the real point of the debate, is this. What incentive is there for Network Rail to improve? I argue that, under the current system, there is none. Does the Minister believe that he can put in place mechanisms to oblige Network Rail to deliver significant improvements? I hope that today he will be able to outline some of those for us.

We have the highest track-access charges in Europe. Those costs are inevitably passed on to the travelling public. Sir Roy McNulty said in his report that running the rail network here was 30% more expensive than in comparable European countries. I admit that I do not know how that figure was arrived at, but I have not noticed anyone saying that it is inaccurate or giving a different figure. Does the Minister agree with the 30% figure, and what can his Department do to make Network Rail bring down its track access costs and other costs? On reading the details surrounding that figure, it could as easily be higher as well as lower.

The scale of the problem that faces Network Rail, which it recognises but chooses not to deal with, is illustrated by the fact that it employs 600 delay attribution staff. If anyone has talked to their own train operating company, they know how important it is to be able to attribute blame for a fault because it makes a difference as to who pays the bill. If the delay in operations is Network Rail's fault, the fines are paid by Network Rail. If it is the fault of the train operating company, it goes on the performance data of the TOC and it has to

[Mrs Main]

pay the fine. As Members can imagine, the squabble can be pretty unedifying. Network Rail spends its entire time, and our taxpayers' money, divvying up the blame and fee penalties among the train operating companies, and then using taxpayers' money to pay the fines for any delays.

You could not make this up, Mr Amess. I am amazed that we have all decided to accept this appalling situation for such a long period of time. Network Rail has presided over a litany of high-profile failures. Some have resulted in criminal prosecutions. I do not wish to go into too much detail here, because the hon. Members representing those areas may be present in the Chamber. However, the Virgin train derailment near the Cumbrian village of Grayrigg was one such incident. Such failures are causing deaths and significant injuries, and Network Rail's declining performance has put it in breach of its licence. Despite being "the experts"—as I said earlier, Network Rail's expert opinion is heavily relied on—Network Rail has presided over a system in which rail freight delays are 32% worse than the end-of-target year. Long distance punctuality stands at 87%, which is well below the target of the Office of Rail Regulation. Delays have risen, which proves that the network has become less resilient to disruptions. That is important. Some workers have said to me, "I don't want to lose my job, but I have serious concerns about the work that is being done by Network Rail on maintenance and oversight of engineers." That is a serious issue. People within the industry feel that they must keep their mouths shut about the things that they can see not being done correctly. Network Rail does not give the travelling public any confidence that its rail service is as safe as it should be.

George Freeman (Mid Norfolk) (Con): My hon. Friend is making a very powerful case, which many of us sympathise with; my constituents certainly will, too. She says that we need to consider new models. Does she agree that we should be really bold and radical in tackling this problem, which is a legacy of some of the mistakes of privatisation compounded massively by a botched renationalisation under the previous Government? In my own region of East Anglia, rail has a crucial role to play in driving a rebalanced economy, innovation and investment. Does she think it might be sensible for us to consider—possibly in areas such as East Anglia—putting track and train operating company back together, thereby creating a regional rail company that has full integration, a long-term franchise and the ability to invest and plan for future services?

Mrs Main: That is an extremely valuable contribution. This debate is not simply about reading out a list of failures and then going away and allowing the situation to continue. If we were to do that, we would be failing the public again and again. Indeed, some of those tragedies that have occurred may happen again somewhere else. We must be radical. I do not wish to take up too much time at the beginning of this debate saying what we should be doing. My hon. Friend is absolutely right though. There are innovative methods. One thought is to have 10 regional areas operating on a system of alliancing. That is a phrase that I had not heard before, but it means having a deeper and more meaningful relationship with the train operating companies. Such a system relies on companies having longer franchises. Many ideas should be considered. None the less, significant issues need to be tackled. We are left with a structure that is patently not fit for purpose. I would like us to say that we will not accept a tinkering around the edges with this. I do not want us to say, "We will just remove one chief executive and stick another one in." If we do that, we are basically left with all the same people, in the same place, presiding over yet another set of failures. Radicalisation is the only way forward. I am sure that we will hear different suggestions from hon. Members today. We need to sweep out the Augean stables of Network Rail. There are no two ways about it; we are talking about not tinkering but a fundamental change.

I wish to give other colleagues a chance to speak. As I have said, the list is long and damning. Network Rail has been fined for so many project overruns. On "Panorama", we heard about the major investment in Reading. It is impossible to find out what the project was supposed to cost in the first place to know how much it has overrun.

Chiltern Railways wanted to have a station built. Network Rail estimated the cost at £13.2 million. Chiltern managed to build it itself for £5.2 million. One has to ask how Network Rail carries out its costings. One has to ask whether there is money washing about in the organisation in what can only be described as a negligent way. There are people who should stand before the Government to justify how they are spending our money, because it seems to be highly questionable.

I want to give other colleagues a chance to speak. As I have said, the list is long and damning, and I am sure that Members will add to it. I hope that we will explore all of the issues, including the way forward, because we need a way forward. I look forward to hearing answers to some of the questions that I have posed to the Minister.

2.56 pm

Mrs Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I congratulate the hon. Member for St Albans (Mrs Main) on securing this debate. She raises some extremely important issues. I know that the points that she has made will be repeated by other hon. Members who have similar experiences.

This debate takes place at an interesting time. Although we are focused on Network Rail, we are awaiting the Government's proposals on the future of the whole rail system. Network Rail is an intrinsic part of that system; it has to enable the train operating companies to work and ensure that there is safety on the line and that trains are punctual. None the less, it cannot be considered entirely in isolation from the whole rail system. We must therefore look at how the train operating companies operate and at the role of the Department for Transport.

We must not forget that, over the past decade, rail has been a success story. More and more people use rail, which brings its own problems of overcrowding and how to address increased capacity. We want to encourage more freight on to rail. Again, that leads to discussions about how more capacity can be provided and whether that can be done without crowding out much-needed passenger services as well.

There can be no dispute over the fact that the rail system costs a lot more than it should. The McNulty report is the latest one to draw attention to that. It says

that our rail system as a whole costs around 30% more than comparable European rail systems. Much—not all—of that can be attributed to Network Rail.

Mrs Main: The hon. Lady is absolutely right to expand that point. Not only is access more expensive, but the licences are more expensive for the train operating companies and they pass on the cost to the travelling public. Network Rail's high costs mean that passengers are paying too much.

Mrs Ellman: I thank the hon. Lady for her comments. She is correct. However the service is organised, it is a public service and it has to be so run. Whatever money is in the system ends up costing the taxpayer or the fare payer. Over recent years, there has been a shift in who pays for using the train. I am talking about the shift from the taxpayer to the passenger. Whatever money is in that system eventually comes out in the cost of the ticket, which is causing so much concern at the moment.

Network Rail says that it is addressing the McNulty recommendations, looking at being more competitive and reorganising itself. It is far too soon to say whether that will be sufficient, or indeed whether it will address the most important issues that have been raised. Some action has been taken in relation to the train operating companies. There will be longer franchises. For example, the franchise for the west coast main line will be for a much longer period. That could be part of the solution, but we need to see the Government's proposals and vision for the whole rail system before it can be considered.

The hon. Lady referred to this week's court case when Network Rail admitted its liability for two tragic deaths in 2005, when Olivia Bazlinton, aged 14, and Charlotte Thompson, aged 13, were killed on a level crossing. It emerged only last year that Network Rail had had a risk report in 2002 recommending the installation of new gates that would lock automatically when a train approached. That in itself is bad enough, but it seems that the documents had been suppressed and not made available to the police previously. Network Rail has now admitted liability. It is being charged, and it has admitted guilt. Those tragic deaths should not have happened. They were terrible, as was the cover-up afterwards. I hope that in its statement now Network Rail is more open and that it will change to a new approach.

The Office of Rail Regulation strongly criticised Network Rail and is considering whether lack of punctuality and more late trains have been a breach of its licence. It has already raised safety issues, particularly the lack of adequate reporting of safety incidents on lines. Network Rail points to cable theft as a reason for delays, and that is a factor, but it is not the only one. Only last week, the Transport Committee published its report on cable theft on the railways, and said that Network Rail could do more to make such thefts more difficult, so it has some responsibility there.

The hon. Lady made many valid points about Network Rail's accountability. However, I recall how Network Rail came to be set up. I remember clearly that it was preceded by the conventional private sector company, Railtrack, which went into administration. It collapsed after absorbing endless amounts of taxpayer's money and paying out bonuses to its private shareholders while letting the nation down. Structure and ownership are relevant, and we must remember that the wholly private sector company did not deliver. We must consider how the present company operates and how it could operate better.

There has been much criticism about lack of accountability in Network Rail. It has a board of around 100 members, which is not a good way to secure accountability. Efforts have been made to change how it is organised to introduce more accountability. For example, the Co-operative party's people's rail campaign is trying to involve more members of the public and users of the service with a much smaller board to which Network Rail would have to answer. That is one option. Certainly, the way in which it operates now is not satisfactory and must be re-examined.

The next spending period is 2014 to 2019, and we will know in July what rail projects have been proposed or agreed for investment. There are long lists of necessary investment projects from different parts of the country, including the northern hub, which is badly needed, the electrification programme and many others. If we do not secure value for money from investment, we will not receive the maximum investment in rail. That is extremely important.

The Transport Committee invited the new chief executive of Network Rail, David Higgins, to the Committee when he was first appointed, and we asked him questions about value for money, accountability, safety and other matters. We intend to repeat that, and to recall him in the near future, when we will raise issues of accountability, value for money and how Network Rail invests in the public interest. We will certainly take note of the points made today by the hon. Lady and other hon. Members.

Mrs Main: I am extremely pleased that the Select Committee will call David Higgins back. During his "Panorama" interview last month, he said that he would release more figures and data by the summer to show Network Rail's transparency. Is she aware of that, and will she be recalling him before or after that?

Mrs Ellman: A date has not yet been fixed, but all the issues will be taken into consideration. It is important that hon. Members recognise that, whatever an organisation's structure, Select Committees perform an important role in trying to bring accountability to people who are in charge of public services. We have stated that we think that Network Rail should be subject to freedom of information requests. We will pursue matters of public concern and matters that hon. Members raise today and on other occasions, and we will do so to the best of our ability.

3.6 pm

Mr Rob Wilson (Reading East) (Con): I join other hon. Members in congratulating my hon. Friends the Members for St Albans (Mrs Main), for Suffolk Coastal (Dr Coffey) and for Ipswich (Ben Gummer) on securing this important debate. I apologise, Mr Amess, that I must leave the Chamber slightly early due to some child care issues that have arisen today.

Thus far, we have heard some valid criticisms of Network Rail's performance on punctuality, delivery of long-distance and freight services through its operators, value for money and inefficiency, to name but a few issues. First Great Western, which serves my constituency,

[Mr Rob Wilson]

reports that 60.4% of delays are due to factors within Network Rail's control. That figure includes 18 incidents of overrunning engineering work causing 1,053 minutes of delay, and 347 incidents of infrastructure failure causing 21,270 minutes of delay. The result is passenger inconvenience and frustration. Specifically in the Thames valley, which covers my constituency, Network Rail has caused a total of 2,976 hours of delay. That is not very good, to say the least, and considerably adrift of the targets that it was set.

The Office of Rail Regulation has said that Network Rail must improve on that, and two enforcement orders have been issued, which is highly embarrassing for such a company. I have spoken to First Great Western, and it is keen to emphasise that this is not a blame game, but a plea to work better with Network Rail to address problems that cause so much grief for so many of its passengers and our constituents. This is a long-standing plea and I had hoped that matters were improving, but it seems that I was far too optimistic about the moves that have been made to try to deal with some of the problems. Network Rail can and must improve on the terrible figures, but no organisation is perfect and we must see what can be done, and what improvements can be made.

As an organisation responsible for operating 20,000 miles of track and infrastructure, 40,000 bridges and tunnels, 18 major stations, 2,500 leased stations and 8,200 commercial properties, Network Rail has a huge responsibility. At this time of economic challenge, we need a railway infrastructure fit for purpose to keep Britain moving.

The McNulty report recommends a number of improvements, some of which have been covered in the debate and some of which will perhaps be covered later. I would like to draw from my experience of working with Network Rail on a range of issues on behalf of my constituents. That experience should not detract at all from anything in the powerful speech made by my hon. Friend the Member for St Albans, but all I can say at the outset is that my experience has been very positive.

Reading is a major transport hub in the south-east and Reading station is among the busiest stations on the country's rail network. Every day, 700 trains pass through the station, which handles 14 million passengers each year. An £851 million redevelopment of the station is well under way, and its express aim is to provide more trains, to reduce delays and to provide a much better station overall for passengers.

In my first term in Parliament after 2005, I brought key stakeholders together to breathe life into a project that was drifting and even failing. It could not get off the ground, but I am pleased to say that Network Rail got onboard—if you will pardon the pun—and was very responsive to my requests, always positive and keen to get the job done. I am also pleased to report that to date the work has been delivered on time and on budget—although I take my hon. Friend's point about "Panorama". For such a large and complex project, that is welcome indeed, but it is also impressive considering that it must fit around a busy operating schedule. The Reading station redevelopment thus far stands as an example of Network Rail's ability to deliver on ambitious plans for major rail improvements. Network Rail has shown me and my constituents that it employs good project management in this case, and has some very good people working for it.

In Reading, Network Rail is changing the track layout and building new platforms and entrances to the station to tackle congestion and to improve passenger journeys. Given the price my constituents pay for tickets—I am led to believe that it is the most expensive railway line in Europe—any work to improve passenger experience must be welcomed. New tracks and platforms mean that incoming trains will no longer need to queue outside the station, as they do now, which I am sure anybody who lives in the west country and further afield will welcome. Sitting delayed outside Reading station almost every day of the year is very frustrating, and a particular problem for passengers to the west of Reading. Network Rail engineers are building a new viaduct to the west of Reading, which is designed to take fast main lines over freight and relief lines. That work will enable the railway to cope as demand for train services increases in the years to come—a point well covered in the debate and a necessity that we cannot afford not to address.

Since 2008, I have been impressed by the emphasis that Network Rail has put on dealing with local stakeholders, ranging from myself as a local MP to Reading council and community groups. Its engagement strategies have helped stakeholders to shape the designs, not only for the station, but for the layout of the platforms and so on, and its work to keep local people updated has minimised disruption ahead of works. Thanks to its careful preplanning, a 10-day closure during the 2010 Christmas period meant that it was able to reduce—yes, reduce; I can see that there is surprise at that—the overall timetable for the project by a year. It was originally planned to be a six-year project and it will come in a year earlier than that, which is a big achievement.

The rail performance watchdog, Passenger Focus, has given positive feedback on the works to date. To Network Rail's credit, in this instance an acceptable balance was struck between short-term disruption and a long-term reduction in the overall disruption caused by the project. Of course, there is huge room for improvement, but those efforts have been thorough and deserve a fair mention—credit where credit is due, after all. More recently, Christmas 2011 saw the completion of another major new bridge and new platforms to serve electrified southern lines. There too, Passenger Focus has given positive feedback on the works.

I am also pleased to say that all that work was completed to Network Rail's published timetables, and I hope that that continues through to the project's completion in 2015. If the project management at Reading station to date is anything to go by, I am confident that that can and will happen. My constituents in Reading East are ambitious for public transport services, and so am I. I am therefore pleased that, in my experience of the Reading station redevelopment, Network Rail has helped to deliver on that ambition.

I would like briefly to cite another example of my positive experience of working with Network Rail. Last month, I chaired another meeting of an ambitious group I have put together with Network Rail, BAA, London Heathrow airport, the Department for Transport and First Great Western. Our aim is to provide extended

western rail access to Heathrow airport for Reading and beyond. In these tough economic times, such a link will improve business conditions in Reading and further afield, providing much needed connectivity with Europe's busiest airport. That is important because Reading is home to many large employers and first-rate firms, such as Microsoft and Oracle, and the lack of a direct link leaves little alternative to lengthy and costly car and taxi journeys from Reading to Heathrow, which are estimated to cost local businesses £10 million a year in transport.

Reading, like other business centres, faces stiff competition regionally, nationally and internationally. We need to remain competitive, and in doing so, we must address the lack of a speedy link to Heathrow. A direct rail link is essential to our local economy over the next 20 years, and I am grateful to my right hon. Friend the Secretary of State for Transport and her predecessor, now Secretary of State for Defence, for their critical support in getting such efforts off the ground. Network Rail deserves our thanks too, because following my bringing together key stakeholders and establishing the group to drive the project forward, Network Rail has proved to be an enthusiastic team player and, again, has shown itself to be a good project manager. I commend it for that.

I hope that Network Rail's chief executive, Sir David Higgins, and his directors will take some positives from the debate, despite the many criticisms that they must hear and take onboard. I, for one, can give the Network Rail projects and people with whom I have dealt a thumbs up, and I hope that proposed improvement changes will mean that right hon. and hon. Members can give Network Rail a thumbs up in future.

3.17 pm

Kelvin Hopkins (Luton North) (Lab): I congratulate the hon. Member for St Albans (Mrs Main) on a first-class speech. I agreed with almost every word she said, but I am afraid that I do not share the rosy view of Network Rail that the hon. Member for Reading East (Mr Wilson) expressed.

Mr Wilson: It was my experience.

Kelvin Hopkins: It is not my experience. I have had many contacts with those who have worked in the rail industry over the past 15 years and before, and I have heard a stream of criticism from people fearful of being exposed because they would be victimised if their names leaked out. To illustrate that point, I deliberately forget their names, but I have heard a lot of very disturbing details.

I have a passionate interest in railways and have supported them since I serviced the TUC transport committee in the 1970s. I have been a rail commuter on Thameslink for 43 years, and have travelled through St Albans in that time. I have always believed that railways are the transport of the future, which was not the view of the Department for Transport until recently—quite unexpectedly as far as it is concerned, there has been an enormous surge in rail passengers in recent years. Despite higher fares and travel problems, people have chosen to use the railways, which confirms my view that they are the transport mode of the future. There has been much investment over the past 15 years, which has been expensive, but we need a lot more of it.

Privatisation has been a hugely expensive mistake. Indeed, a Department for Transport official was heard to say privately at the time that privatisation was intended to facilitate the decline of the railways. That was the Department's view then. It was thought that the railways were a diminishing form of transport and that eventually we would all move to our cars. The great mistake, of course, was to divide the railways between Network Rail and the train operators—to separate track and train. No other country in Europe has chosen to privatise their railways. They have seen the mistake that we made, and the problems that that caused. There have been accidents and there are serious safety problems, even now, and of course there has been a massive increase in costs.

As my hon. Friend the Member for Liverpool, Riverside (Mrs Ellman), the Select Committee Chair, said, Railtrack was an appalling organisation. In the foyer of its headquarters it had an electronic indicator showing its share price. That is what it was concerned about—not serving the public, or safety. Eventually, of course, the previous Government were forced to abolish it and to come up with another solution. I understand that a private conversation took place in Downing street for several hours, between Stephen Byers, Tony Blair and the then Chancellor of the Exchequer. Tony Blair got bored after a certain time and walked out, saying "Well do what you have to do, but no nationalisation." So they came up with the strange beast called Network Rail, which is neither nationalised nor privatised, and has no effective accountability at all. We have had not just privatisation but fragmentation—but that fragmentation was based on some economic theory, which was once explained to me by an economist. I said, "Costs were supposed to go down, but they went up massively." "Yes," he said, "our theory didn't work." Well, why do they not just reverse what they did and reintegrate and renationalise the railways?

There has been a massive increase in costs, in both public subsidy and fares, and, as Sir Roy McNulty concluded, at one point, our railways were up to 40% more expensive than continental railways. I have said in the Chamber, and to Sir Roy, whom I have met twice with my hon. Friend the Member for Hayes and Harlington (John McDonnell), that the big difference between continental railways and ours is that the continental ones are publicly owned and integrated, while ours are privately owned and fragmented. I do not think that he was listening to me, because he clearly had his card marked, "Whatever you do, no public ownership: find another solution." One of the things that he has done, which I completely disagree with—the railway unions have made the point—is to consider staffing cuts. The staff on the front line have apparently been judged very efficient. They are not the problem, or the ones who cause the costs, but they are the ones who will have to pay the price, because in place of a challenge to what Network Rail does, there will be cuts to staff in stations at night.

Network Rail is a dysfunctional organisation. It is expensive and bloated, and is a law unto itself. I have met David Higgins a couple of times, and I have a high regard for him. He is a decent person, but he has taken over an organisation that is out of control. He has had great difficulty in penetrating that appalling organisation. Network Rail is a rogue organisation, and impenetrable.

[Kelvin Hopkins]

I have described it as an entrenched management mafia. I understand that within the organisation David Higgins suffers a degree of hostility, because every time he tries to change anything he is resisted. That is not just within the management structures; even at board level he suffers from those problems. It is down to the Government to back him up when he wants to do things, and to break the stranglehold of the corrupt management that has been there so long.

The vice-like grip of the old guard stems back to Railtrack days, and even though it was abolished some of the same people—and the same practices and culture—carried on. As I have said, I have had dozens of conversations over 15 years with staff and former staff, and they are all fearful of being whistleblowers, and I can understand why.

Mrs Main: The hon. Gentleman is making a valid point. Some people have said to me that Network Rail is just Railtrack by another name, but with a large bung from the Government.

Kelvin Hopkins: Indeed, and without any proper accountability. As the hon. Lady has said, there is no means to control it.

The bullying culture in the organisation was appalling. Anyone who stood out against, challenged or criticised it, or said that things could not be done, was sorted out by a head of human resources, who has, I think, recently been paid off with a substantial sum, rather than sacked. For years he was protected by senior management. On several occasions he sacked people and, when threatened with a tribunal, settled out of court, eventually. Just to pay off staff whom he had sacked cost many millions of pounds. Eventually he was paid off to go elsewhere. He was symbolic of a culture that was about control and bullying, and making sure that individuals looked after themselves within the organisation.

George Freeman: I did not want to interrupt the flow of the hon. Gentleman's interesting description, but he appears to be giving the impression that we should simply return to the days of old—of British Rail and an integrated national system. Many of us in the Chamber will remember British Rail, which was hardly a paragon of efficiency, investment or good service. Is that indeed what he suggests?

Kelvin Hopkins: Indeed, I shall come to that shortly. In fact, British Rail was starved of money and did a remarkably good job in the circumstances. Those are not my words. That is how it was put by Tom Winsor, the former rail regulator, who said that British Rail worked miracles on a pittance, and that when it was handed over to the privateers it was "in good order". A Catalyst report some years later made comparisons between British Rail and continental railways and found that British Rail's productivity was the highest of all the European railways. That is not true of our railways now, but it was then. However, British Rail was starved of money because there were several Governments, and a Transport Department, that did not believe in railways. They thought that they were dying and did just enough to keep British Rail alive.

John McDonnell (Hayes and Harlington) (Lab): Apart from the Catalyst study, most recently Christian Wolmar demonstrated that rail now has three times the subsidy that British Rail had, so there has been a tripling of subsidy and an increase in inefficiency, with higher fares.

Kelvin Hopkins: My hon. Friend is absolutely right, and of course that includes paying for the bloated, self-interested mass of people at the heart of Network Rail.

I like to think that David Higgins is possibly the right man for the job in the appalling organisation we have, but he has a difficult job at the moment. During the time in question there have been the accidents at Grayrigg, Potters Bar and Hatfield. There has been pressure for prosecutions, but Network Rail has constantly said "Not our fault." It has tried to escape and avoid blame. As to the recent accidents on level crossings, it is interesting that just in the past couple of weeks David Higgins personally apologised to the parents of the two girls who were killed. That is a different attitude from that of previous Network Rail management.

Mr Brian Binley (Northampton South) (Con): I do not quite have the same memories as the hon. Gentleman of British Rail, but I shall let that go and take up a more positive point, about the role of the regulator. We have got that totally wrong. It is ineffective. Is not that where we need action to help David Higgins?

Kelvin Hopkins: That is another point I was going to make: regulation. At the time when Tom Winsor left the Office of the Rail Regulator, there was talk in Government circles, which leaked out, that the Government—the Treasury and, indeed, the Department for Transport—wanted light-touch regulation. They did not want the ORR to regulate too hard, because that might damage profits. It might make privatisation less popular. If a regulator of any kind is told "Light-touch regulation", they will either go along with it and take the money, or say "I am not going to be blamed for things that go wrong," and stand down and do something else. I suspect that that might have been the case with Tom Winsor, but there we are.

The Government must take hold of the matter. The speech today by the hon. Member for St Albans has started, I hope, to move the tectonic plates. Governments and Network Rail management have refused for years to face the problems, and the costs have been massive. If the Government want to save money, one way to do it would be by sorting out Network Rail. I suggest that they should first make it a proper public corporation again: one that is transparent and accountable—ultimately to Parliament through the Secretary of State—and subject to freedom of information inspection. There are inherent problems of cost, but those are caused by the contracting culture. Track maintenance was taken in-house when it became incredibly costly. Time and again I raised with the Secretary of State, under the previous Government, the question why track maintenance costs are four or five times higher than they were in British Rail's day. The simple answer was that it was about contracting. There was contracting, subcontracting and sub-subcontracting. There were costs at every level whenever the work was contracted out, and of course there were

project managers and lawyers negotiating contracts at every level. People were filling their pockets with public money.

British Rail directly employed its own staff at every level, from the engineers who designed and controlled the work to the track layers at the grassroots level. They were all employed in particular areas, so that they had possession and ownership of their own area of track. If things went wrong, it was the engineer's fault. He was permanently employed and he was accountable. He knew that his life was in the railway industry being employed by British Rail and he had to get it right. In the case of subcontracted staff, perhaps from overseas—they might have signed on as subcontracted staff or contract staff from elsewhere—they disappear after the work is done. Nobody knows who has done the work, and of course there is no sense of accountability and no sense of loyalty. They are just doing a job for the money. That is quite different from the type of attitude that British Rail engineers had. They believed in railways and they were passionate about their work.

There are still many of those BR engineers about today, but they are being abused and rubbished by this appalling organisation called Network Rail, where they are employed as consultants. Network Rail has to depend on them, because they are the only people who know how to do the job, but Network Rail does not inspire loyalty and commitment to the industry. People love railways—I love railways—and when they work inside the industry, they devote their lives to it. It is like loving a work of art. They have those attitudes, which is exactly what we want. We want people back in the industry who are permanently employed, who are responsible for sections of track—their track, and if it goes wrong, it is their fault and they feel totally responsible.

We have an expensive operation. Some years ago, the Department of Transport held an internal seminar on project management and its costs. It invited Don Heath, the manager who had been the guiding light and chief engineer in charge of the east coast main line modernisation and electrification, and it called in the west coast main line privateers. Don Heath was asked how much of his total budget was spent on project management, and he said 1%. The privateers were asked how much of their budget was spent on project management, and they said 50%. It was 50 times more. Direct employment by a dedicated engineer working for BR compared with a mass of private companies and subcontractors speaks for itself.

We want the direct employment of engineers; engineers in charge; engineers who care about the railways; and engineers who are permanently employed and have a life in the railway industry and believe in it. We want committed and responsible people in charge, not fly-by-night subcontractors.

I must not take too long, but I want to raise a few more issues before I finish. I put down an early-day motion a year ago to register my opposition to the use of agency and subcontracted labour. My EDM is quoted in our debate papers. It stated:

"further notes research undertaken by the RMT union and academics demonstrating that the complex network of contractors and subcontractors means there are tens of thousands of rail workers employed by a multitude of companies undertaking renewals and that substantial savings could be achieved if renewals were instead carried out in-house as was the case before railway privatisation".

I made that point a year ago, and it is still true today.

The Office of Rail Regulation has recently found that Network Rail is in breach of its licence and that

"major asset failures, congested routes and poor management of track condition"

contributed to poor performance of the rail network in 2011.

Standardisation has collapsed as a result of the fragmentation of the railway industry. We have chaotic technical standards imposing massive costs and building up problems for the future. We have trackside land reserves being sold off—asset-stripped for profit—so track is no longer accessible for essential repair work, because the land alongside the track has been sold off. We have blue-sky contracts being issued whereby contractors are paid according to emerging costs. In other words, they can charge what they like; we will just pay the bill at the end of the day. All this needs fundamental change. With the right people at every level in the industry, we can do that, but it depends on Ministers, on Government and on the Department for Transport taking hold of Network Rail and transforming it into something that is fit for purpose.

3.35 pm

Priti Patel (Witham) (Con): Thank you for your forbearance, Mr Amess, as I had to remove myself from the debate earlier. I congratulate my hon. Friend the Member for St Albans (Mrs Main) on securing this debate. I will declare an interest, because I used to live near my hon. Friend's constituency when I lived in Radlett, which is close to St Albans. When I first started my working career, I used to commute along the line that she referred to, so I know exactly how expensive it was then, as it is now, and I know how unreliable it has become. I am grateful to her for securing this debate today, because in my constituency in Witham and in the county of Essex we have many problems with Network Rail, as well as with our train operating companies, so I welcome the opportunity to discuss the prospect of reform and improvements in relationships with Network Rail. We have heard a vast range of different experiences of Network Rail's entrenched attitudes and lack of accountability to consumers. I hope that we will see improvements in the next few years, particularly with the change in management at Network Rail.

From a constituency point of view, I am now focused on the new long-term post-2014 franchise agreement for Greater Anglia. That follows the two-year franchise that has just been secured by Abellio, my new train operating company, which will run from this month until 2014. The longer franchising agreement—I hope the Minister will look into it going forward—is of real significance, because we are looking for greater integration, whoever the operator is, and a good relationship with Network Rail. Frankly, the two have been separate for far too long, and there has not been enough accountability and co-operation. National Express had the Greater Anglia franchise until 31 January.

We want improved relationships, partly because commuters in Essex and in my constituency pay a lot of money. My constituents pay more than £4,000 a year for their season ticket into Liverpool street, and £5,000 if it includes zones one to six. The service was appalling under National Express, but we have had much wider

[Priti Patel]

issues and challenges because of Network Rail. Our train line goes into Liverpool Street, which means we also go through Stratford. The Minister will be aware that Stratford has been going through significant changes, with welcome improvements in the line over the past few years for the great Olympics, which will be coming to our great capital in the summer. However, my commuters have been disproportionately affected. All the commuters along the Greater Anglia line have been badly affected, and that has to be addressed.

Rail services in Essex, in my constituency and along the Greater Anglia line need improvement to cope with the increase in rail travel as Essex faces a significant growth in population. It is currently 1.4 million and is set to rise by more than 14% over the next 20 years, and yet there has been no investment in our rail infrastructure, in the tracks that go through Essex and Suffolk, all the way up to Norfolk. The Minister will be aware that MPs from along the line have come together to consider how we can work to secure long-term improvements in the relationship with Network Rail and our new franchise holder, and hopefully influence how we can get proper inward investment in our line.

It is fair to say that there are regular delays consistently across the line because of signalling problems, engineering works and congestion, particularly around Stratford and Liverpool Street, as I have already said. For my constituents, these journeys are nightmare journeys. Most of my constituents work in the City of London, so for them delays obviously have an economic effect in terms of their employment and what they contribute to our economy. We have severe issues with overcrowding, lack of seats and poor facilities. With the likes of National Express and Network Rail, the general customer satisfaction rating is abysmal, which is not sustainable. It must change and improve.

Mrs Main: Does my hon. Friend share my concern that High Speed 2 is being sold to the public on the grounds that people will be able to work on the train, which will be of benefit to the economy, and yet it sounds as though her constituents, like mine, regularly travel in cattle-truck conditions, and they certainly cannot work on the train? There could be an argument for putting the investment that is going into HS2 into improving our existing railways.

Priti Patel: I thank my hon. Friend for her intervention and for making very valid points. I am all for investment in our railways, which obviously comes at great cost to the public purse. I am also all for getting "bang for buck" for taxpayers—there is no doubt about that—but it seems somewhat disproportionate that we are spending a vast amount of money on one particular project when there are certain lines and services that need investment. They are crying out for investment right now.

In the south-east and in the eastern region of the country, we contribute a hell of a lot to the economy. Our commuters also pay a lot in rail fares and it is now incumbent upon the Government to listen to some of these points from across the wider rail network and to start securing some long-term and strategic investment because, as I say, our constituents contribute a lot to the economy.

Nick de Bois (Enfield North) (Con): Does my hon. Friend agree that there is also a desperate need for a third line between London's Liverpool Street and Broxbourne? Those of us who travel between those stations, including those of us who use the Stansted Express, know that, for 17 miles, commuters are faced with intolerable delays, which is holding back investment in new housing, new infrastructure and business?

Priti Patel: I thank my hon. Friend for that intervention, and I absolutely agree with him. My constituency is 15 minutes away from Stansted airport and I am very familiar with that line, in terms of people who use it and come into Stansted airport. Investment must be made.

I come back to the need for a strategic vision. It is all very well investing in HS2, but there must be a long-term strategic vision for our railways in this country that addresses the existing lines and services, as well as the growth areas. Let us face the fact that, although we are an island nation, our population is growing and we all have housing pressures in our areas. As a result, even more commuters will be coming on to the railways, which is something that Network Rail will have to address, along with the Department for Transport.

The existing train operating companies and the companies bidding for the franchises in the future must wake up to the fact that they cannot just take over and think they can inherit a service that is okay, when in fact it is not okay. They must be ambitious for our commuters and our constituents, and look at making long-term improvements. As I have already said, we need "bang for buck" for our commuters, because they are spending a lot of their hard-earned money on travelling on the railways. That is a vital consideration.

Rail and other transport infrastructure must be modernised to reflect the significant challenges from increasing demand across the country, including in the county of Essex and the rest of the eastern region. My constituency, the rest of the county of Essex and the rest of the eastern region are all particularly attractive locations for people to live and, obviously, to travel from in order to work in London. However, we desperately need the investment in infrastructure that I have talked about.

We must also sort out issues of reliability. As I have said, in my constituency we have had a change in franchisee to Abellio. Network Rail must improve its public relations and start to engage with consumers—the commuters—directly. It cannot hide behind the faceless organisation that it has become; it must become far more accountable. It receives huge public subsidy and it also likes to spend taxpayers' money on staff bonuses, the levels of which have been inexcusable.

This issue is about railway services now and in the future. Commuters are paying more for their travel and they deserve to see significant improvements to services. They should be able to hold organisations such as Network Rail to account. There must be more avenues for commuters to gain redress, and there must be better consumer information. At the end of the day, Network Rail, the Department for Transport and the train operating companies must take a much more strategic approach to consumer services and to rail infrastructure as a whole.

I seek reassurances from the Minister that there will be a much stronger vision. The previous Government failed completely. In my part of the country, there has been no investment in our railways for so long now, and that is simply unsustainable. A long-term vision is absolutely required now. We have congestion pinch-points along our entire network, which must be addressed by Network Rail. We need the introduction of passing loops and the dualling of tracks. They cost money, but they should all be part of a long-term strategic vision, both for my part of the country and, crucially, for our overall rail network.

3.45 pm

John McDonnell (Hayes and Harlington) (Lab): I also congratulate the hon. Member for St Albans (Mrs Main) on securing this debate. I know that offering such congratulations is usually done as an element of politesse in these debates, but I genuinely congratulate her. This debate has been really helpful, and having heard from both her and my hon. Friend the Member for Luton North (Kelvin Hopkins) there is not much more to be said really.

I am really pleased that the hon. Member for Reading East (Mr Wilson) had that wonderful experience with Network Rail, and I hope that that experience is transposed to other constituencies, because it is very rare that we receive such a report about Network Rail. I am also sure that he will want to pay tribute to former Members who have lobbied on behalf of Reading—for example, Martin Salter—to gain the project that he described and bring it to fruition.

I want to address a limited number of health and safety issues, as so much else has already been said about other matters. Before I do so, however, I want to talk about the issue of bonuses. Way back in 2009, I tabled an early-day motion on bonuses, which was a reflection of how unaccountable Network Rail was. On that occasion, I think 51 Members of the House signed that early-day motion, and it seemed to have cross-party support. It urged Network Rail not to go ahead with the payment of bonuses that year, because it was laying off 1,500 track maintenance workers at that time. My understanding is that the bonuses were paid, on some scale.

May I draw Members' attention to another early-day motion—early-day motion 2681—that has been tabled on Network Rail annual bonuses? So far, 28 Members have signed it. It would be very helpful if that early-day motion was supported. It is worded on a cross-party basis and draws attention to the statement by the Secretary of State for Transport in *The Daily Telegraph* on 19 December 2011 that

> "Passengers would be extremely surprised if Network Rail attempted to award bonuses next year in the light of this action by the ORR".

I urge hon. Members on a cross-party basis to sign that early-day motion, as well as noting the expressions of concern that have been made today about the bonus situation at Network Rail.

I am interested in rail because in my constituency we have a railway estate at Hayes. It was constructed by the old Great Western Railway and then taken over by British Rail, and it was built to house railway workers. It still is a railway estate, although most of the properties have now been sold off. Nevertheless, it still houses railway workers and their families, so I have taken an interest in rail for the past 30 years, based on the practical experiences of my constituents as they report them to me.

I must say that, tragically, my interest in rail also results from what happened under Railtrack. One of my constituents was one of the drivers killed at Paddington as a result of the tragic accident there, and there was the accident at Southall, which is literally one mile down the track from my constituency, where people were also killed. That accident also involved some of my constituents. So, I have taken a particular interest in health and safety matters on the rail network as a result of those incidents and the dialogue that I have with my constituents who are represented by their unions, the RMT, TSSA and ASLEF.

With regard to health and safety, I want to raise the issue of crossings. A number of Members have waged a campaign over many years to ensure that we rid ourselves of the crossings that we have, which are so dangerous. We heard this week about the findings against Network Rail as a result of the tragic deaths at Elsenham in 2005. Network Rail made a statement—I think it was made in early January—that it is proceeding to eliminate the crossings that it has. It says:

> "Network Rail has closed 500 level crossings across Britain since April 2009 and intends to close a further 250 by 31 March 2014."

My view, and that of many Members, is clear, and it reflects the views of the industry's workers: the programme for the elimination of crossings must continue, and all high-risk crossings that we have identified must be removed, particularly those on high-speed rails. Replacing them with underpasses and bridges is the only way to ensure people's safety. All other level crossings should be reassessed, with the ultimate aim of removing them also from Britain's rail network. Although Network Rail has made its statement about the pace of change up until 2014, I urge it to consider how to increase that pace, to eliminate the risk.

The health and safety risks that resulted from privatisation, particularly from contracting out, are well documented. With Railtrack, there was contracting out—subcontracting—and then there was subcontracting of subcontracts, which meant that there was a failure to manage and monitor the quality of work. That was combined with cuts, particularly in front-line staff, even though there seemed to be a flourishing of management levels of bureaucracy within the company, which resulted in a high risk to workers on the tracks and the trains, including the drivers, and also, importantly, to the passengers. Track maintenance was brought back in to Network Rail, which was a major breakthrough, but we seem to be going down the same path as before, with a combination of a drive for cuts—it is argued that they are efficiency savings, but I would like to evidence that they are direct cuts—and potentially more contracting out. We seem to be replicating Railtrack's mistakes.

In the current control period, 4, Network Rail is looking for the same level of efficiency savings as McNulty has called for, of about 30%, and they seem to be coming from direct cuts to staff. I shall read out some of the concerns that individual workers and groups of workers around the country have raised, via the

[John McDonnell]

RMT. I have met groups of staff as I have held meetings with union representatives. The signals and telecom teams in Scotland

"have been reduced from three to two workers, resulting in a large backlog in maintenance work, leading to the company offering 12-hour overtime shifts in an attempt to clear that backlog."

That was a criticism we had of Railtrack. Front-line staff numbers were cut and teams reduced, and therefore to achieve cuts and savings long hours of overtime were worked, which had an impact on staff's ability to maintain safety levels.

Another current concern is that maintenance gangs:

"in Scotland are faced with vacancies being left unfilled. Furthermore, cover is not being provided when gang members take annual leave, are on long-term sick or undertake extended periods of higher-grade duty."

Again, we had those same problems under Railtrack, with gaps in front-line service provision. The workers also report that budgetary constraints have meant that signals and telecoms teams

"from Carlisle and Warrington are filling vacancies by working overtime. The effect is that gang members are working long and arduous hours with potentially serious consequences for both health and safety at work and the integrity of the infrastructure itself."

In the north-west of England

"track inspections are now taking place every two weeks rather than the previous once a week inspection regime."

Members might recall that under British Rail there were track inspections three times a week, so we have gone from that to once a week, and now to once every two weeks. In some of the recent reports, the accidents have been specifically connected to the track, and the lack of adequate inspection.

I can remember the debates in the House about another problem:

"RMT inquiries into the cause of the disastrous overruns over Christmas and New Year 2007/08 found that in the Overhead Line division vacancies were being left unfilled for long periods of time...the Doncaster OHL depot had a staff compliment of 40, however at that time there were 7 vacancies that had been unfilled for some considerable time. This represented a staff shortage of almost 18%."

Yet another concern is that in

"the Anglia region S&T Teams have also been reduced to 2 workers. Where work is planned and risk assessed in advance this can on rare occasions be an acceptable practice"

because at least management can assess the work that the signals and telecoms team is going to undertake. However, in a rapid response fault team the workers do not know in advance what they are going to face, and when or where they will have work on the track, and that results almost certainly in risk but also in further delays in the work being done properly. Also in the Anglia region there are further reductions in the rate of track maintenance inspections.

What I am trying to point to is that sometimes we need to talk to the people on the very front line of the delivery of the service, which is what a number of us have done. Reports are coming back from around the country that because of the pressure under control period 4, which is looking for 30% cuts—and under the McNulty recommendations they will roll into control period 5—front-line staff are being cut and the number of inspections reduced, which will inevitably lead to the same problems we had with Railtrack, which resulted in one of my constituents dying.

Kelvin Hopkins: I support everything my hon. Friend has said about inspections and track. A little over 10 years ago, in the last days of Railtrack, I was asked by a friend from inside the industry to look at the track north of Hadley Wood tunnel, which is not far from where I live. It is a significant bit of track. My friend was seriously concerned, and wanted me to raise the matter with John Prescott, who was then responsible for railways. I did not manage to get down with my camera because I was too busy. Just north of that track are Potters Bar and Hatfield. I think that the two might be connected.

[ANDREW ROSINDELL *in the Chair*]

John McDonnell: I can only state as baldy and starkly as I can that what my hon. Friend has just said is that we have been here before, under Railtrack, and that we seem to be replicating the experience under Network Rail. Everyone wants to look at the drive for efficiency and the reduction of costs, but all the reports we have seen so far are not about the lack of efficiency of front-line staff. The increasing costs are a result of the fragmentation of the industry, the division between rail and operations, and the lack of co-ordinated management across the network. My hon. Friend spelt out very clearly in his speech that that is where we fail in comparisons with the rest of Europe, where there is an integrated railway system that enables those efficiencies and economies of scale to be made. Network Rail is looking for savings and efficiencies in the worst possible way, by reducing front-line staff and increasing the pressure on specialists working on the ground, which results, I think, in increased risks to the health and safety of workers and passengers.

Will the Minister clarify when the Government's White Paper is to emerge? I hope that we can have a genuine debate on the document and that we can go at it with a blank sheet of paper, a tabula rasa for putting our ideas back in. I hope that we do not have prejudices against public ownership, but that we look at what will work. The lessons from Railtrack, and now from Network Rail, are about investment in front-line services and about ensuring that if we are looking for savings we do so by overcoming the fragmentation. We must support those people working at the front line under the tiers of bureaucratic management we have had for decades, under both Railtrack and Network Rail.

Those are just reports collected from across the country. One exercise we could do during the discussions on the White Paper—I know we have done this before—is an extensive consultation across the country with the trade unions that represent front-line workers to get a feel for what is happening on the ground. Ultimately, it was the workers on the ground who exposed what was happening within Railtrack and eventually forced the change. Tragically, that change came too late for a number of my constituents, one of whom was killed in the accident at Paddington while others were seriously injured at Southall. I hope we have learnt the lesson from that and that in the White Paper discussions, we will look to the longer-term future of investing in an integrated system in which workers and passengers have much more democratic control and say.

4 pm

Mr Brian Binley (Northampton South) (Con): It is a pleasure to serve under your chairmanship, Mr Rosindell, newly come as you are. I congratulate my hon. Friend the Member for St Albans (Mrs Main) on obtaining the debate and on her speech. As many contributors have said, this is a vital debate. I hope that many of her comments will be recognised by the Minister and acted upon, because action is needed.

I pay tribute to those hon. Members who have contributed to the debate. By the nature of their contributions, I know that they take the subject seriously. I want especially to congratulate the hon. Member for Luton North (Kelvin Hopkins), who has a long interest, massive enthusiasm and great knowledge of the subject. It is always a pleasure to listen to him, because he always speaks in such a friendly and good manner, which is a lesson to us all. I welcome this opportunity to discuss Network Rail, which is vital to the nation's economy and well-being. That underlines the importance of the debate.

I declare an interest as chairman of the Northampton rail users group. Consequently, I will contain my remarks to issues specifically affecting my constituency. On that basis, I wish to explore three themes: the factors that make rail travel from Northampton increasingly unbearable, the urgency with which the rail industry must get a grip on its cost base—a matter that has been mentioned on a number of occasions—and the pressing issue of capacity and the need to face up to what must be done to relieve that pressure, especially for my constituents in Northampton South.

That leads me to the west coast main line, which is the nation's most important rail artery and has the ability, given supplementation, to add enormously to our economic well-being, especially in Manchester, Leeds and the areas north of Birmingham. The current daily capacity crunch is intolerable for the west coast main line's users and will become increasingly so as the months and years go by. Network Rail's most recent assessment is that the line will be full to capacity by 2024. Some expert railwaymen—a number of whom sit on my rail users group, I am pleased to say—would argue that that capacity might be reached quite a bit earlier. So we are talking about an important matter.

Kelvin Hopkins: The hon. Gentleman is again making a very effective speech. Two possibilities could alleviate the problem of capacity on the west coast main line fairly quickly: we could develop and improve the line from Paddington to Birmingham Snow Hill to make it an express route, and we could develop a dedicated freight line to free up the west coast main line for more passenger traffic.

Mr Binley: I thank the hon. Gentleman for that contribution, which I am sure the Minister has noted. My particular favourite is to ensure that High Speed 2 comes into being and is taken further, to Manchester and Leeds, because there is no doubt that transport systems cannot operate efficiently under the current pressures. That is one reason why we have the problems that we do, and it is one reason why the track is constantly in need of maintenance and repair, which makes the hold-ups even worse. We simply have to relieve that pressure. That is why I am a major supporter of High Speed 2. I argue that we should do our best to bring it forward as quickly as possible. I do not want to see High Speed 2 up and operating in 2030; I would much rather hear the Minister say, "We can make a target of 2024." If the Chinese can put up a hotel in 14 days, we can do a little better than 2030.

I pay tribute to London Midland, because it has achieved a modicum of success, but that needs to be seen alongside the pressure. I feel for London Midland. I think it has many faults, but it is battling against a difficult situation. I make the point again that Rugby has been a problem in recent months. Rail travellers hate to get off at Northampton to circumvent Rugby by bus or, equally, to circumvent Milton Keynes going the other way.

Mark Pawsey (Rugby) (Con): I am distressed to hear my hon. Friend describe Rugby in such terms. We have a brilliant rail service and a fast-growing town, so I hope that he would look a little more kindly upon my constituency.

Mr Binley: We are on the other end of your line, mate, and I can tell you that the service is not as good as you argue. Otherwise, all my constituents would not be as up in arms and as dissatisfied as they are. My hon. Friend knows very well that we use quite a bit of the same line, and I do not believe that two towns so close together can have such differing views on the quality of rail transport in their area.

I turn to the problems specific to Northampton. The Government wish Northampton to be a growth area and have said that they want Northampton to build 56,000 extra houses by 2026, which will mean a population increase of 120,000—a 50% growth—yet where those people will work is a major question. Many of them will come from the south-east, especially London, thus alleviating the housing problems of that area. Consequently, commuting will become even more important. My guess is that there will be at least another 12,000 to 14,000 regular commuters on the link from Northampton through Milton Keynes down to Euston.

Commuting is becoming prohibitively expensive for the people of Northampton. As I have said, we will have 120,000 additional residents, at least 12,000 of whom will commute to London for work, yet the cost of an annual season ticket from Northampton to London is now £4,756, and a staggering £5,628 for those who need to go further on the underground. That does not take into account £815 in parking charges. All that is more than a quarter of the disposable income of a person on a £30,000 salary.

Many people will ask whether they can really afford to look to London to continue to provide them with employment. Many of them might even decide that it is not worth being employed at all, given the cost of commuting to a job in London. The major reason why people are moving to Northampton to fill the houses that I have talked about is that they cannot afford houses in London and the south-east. These people are the service workers of our great city. They provide vital services, but they are not highly paid. They do not work in the City, making millions on small money transactions—by small, I do not refer to volume, but to the difference between buying and selling. They are not those sort of people; they work in our restaurants, retail

[Mr Binley]

outlets and offices. Although £30,000 is a reasonably good salary in Northampton, if people have to pay a quarter of that to travel to their job, that is a pretty bad deal that needs to be looked at seriously.

Let me turn to the problem of the McNulty review. It seems that the Government for ever think that rail increases are a battle between the taxpayer and the consumer, but there is a third element: the service provider. McNulty was open about his concerns about the cost base of the rail providers and talked about prices being 30% more expensive per passenger kilometre than other rail systems in a comparative group. They ought to be out of business, for God's sake! No business can operate effectively at a 30% higher cost base and expect its consumers to continue to support it. Usually, they would simply go to another supplier, but therein lies the problem.

Mrs Main: Does my hon. Friend agree that that is the real conundrum? How can it be regarded as a private company when no private company could possibly operate in such circumstances?

Mr Binley: Of course, that is right, but because Network Rail is a monopoly in some respects, it needs the Government and the regulator to be its friend and ensure that it operates competitively, but we know from McNulty that it does not. McNulty has also said that there is a subsidy of 31p per passenger kilometre at present, so there is 30% more cost and 31% subsidy. What would happen if those costs were reduced? In addition to the taxpayer and the consumer, there is a third factor in cost setting and cost payment—the train operators. Let a message go out loud and clear that they have a duty and a responsibility to care for their customers in a much more efficient way than at present.

I am concerned about Network Rail's supply chains and the way in which it bids for jobs. When I was a managing director and wanted to get work done for my business, I would talk to a number of suppliers and ask, "What's the best way of doing this? How do I achieve the most efficient answer for this job at the most efficient cost?" Are Members aware that Network Rail does not do that? It decides internally what it wants done and then goes to people to tender on the basis of its own decisions about how best to undertake the job. We have talked about the quality of middle management in Network Rail. No wonder that costs are so high when middle management is poor and does not even look for ways to be more efficient by talking to suppliers who know what they are doing in relation to a given task.

Kelvin Hopkins: The hon. Gentleman is making yet another strong point. One of the problems in Network Rail is that contractors are required to work rigidly to specifications, even when those specifications are wrong. In British Rail's day, the engineers locally would find out whether things were wrong and correct them as they went along.

Mr Binley: The hon. Gentleman talks some truth. I have never known a business man say that he wants an end product, only to ignore the supplier and say, "I'm not bothered about what you tell me is the efficient way to do it. This is how we are going to do it, because we know best." But we do not know best—that is the reason why I would get a supplier in the first place.

Mike Weatherley (Hove) (Con): Does my hon. Friend agree that part of the problem is the blame culture that has developed at various points in Network Rail's history?

Mr Binley: I do not know about that, but I have been interested in running efficient businesses all my life and I know that this is not efficient. That is what I am bothered about, and that is why I say to the Government that it is their job to make sure that it is efficient. If there are bad practices of this kind, it is the Government's job to change things. The Minister represents all the consumers. They look to him as a kindly father who looks after their interests, and I am sure that he will do so.

I restate my full and enthusiastic support for high-speed rail. It is not about speed, and the nonsense about getting to Birmingham 20 minutes sooner is not the reason why it is important either. Of course, if we are to build a new railway, it must be the best that it can possibly be. Therefore, it must be the quickest and most efficient that it can possibly be. The real reason why high-speed rail is important, however, is capacity. My good friend the hon. Member for Luton North will tell us that we can only get so many trains on a line in a given hour. High-speed rail is about slots on the line and capacity. Rail will be oversubscribed by 2024—some people believe sooner—which is why high-speed rail is so vital.

Let us not have facile arguments about whether it is worth paying more to get to Birmingham sooner. That is not the point. The point is whether we get to Birmingham at all. Let that be a lesson to those who oppose High Speed 2. I know people who live in Manchester, Leeds and other such areas who know that there is a blockage in Birmingham. They know that it is increasingly difficult to go by rail through Birmingham and down to London and the south-east and then to the continent. They are looking to this Government to ensure that their part of HS2 is completed. I repeat that it is a massively important investment for the country in economic and social terms, and in ensuring that our children and grandchildren are employed on a good salary. I recommend that the Minister bring it forward to 2024. That is a target to set and, if he accomplishes that task, he will deserve a knighthood.

4.18 pm

Mark Pawsey (Rugby) (Con): I add my congratulations to my hon. Friend the Member for St Albans (Mrs Main) on securing the debate, because, following on from my hon. Friend the Member for Northampton South (Mr Binley), the activities of whichever body is responsible for the management of our railway network have a significant impact on many of my constituents in Rugby, not only those who are commuters, travellers and users of the network, but those who live close to the railway. I shall talk about issues affecting that latter group in a moment.

The railway is important to the town of Rugby and its surrounding villages. The west coast main line runs through it. Our 50-minute service to Euston is operated by Virgin, and other trains, which take slightly longer

and stop more regularly, are operated by London Midland. I do not have as much experience in the House as many other Members present, so I cannot outline history in the same way, but I intend to address three matters that affect the railway in Rugby that have been drawn to my attention in the 18 or so months since I became a Member of Parliament, two of which relate to the upgrade of the west coast main line that started in 2003 and was completed in 2008. Many of my constituents have told me about the massive disruption that they have experienced throughout that period.

I want to talk first about one of the major projects that Network Rail ran: the improvements at Rugby station that took place between 2006 and 2008. After listening to the account of my hon. Friend the Member for Reading East (Mr Wilson), it seems that his constituents are going through much of the disruption and uncertainty that my constituents went through over a period of two years. The improvements that have taken place are highly welcome. Notwithstanding the remarks of my hon. Friend the Member for Northampton South, the first impressions of Rugby have been transformed. It no longer seems to be an ugly, unattractive town where arrivals have to pass down a dark and dingy tunnel. People now arrive at a modern and vibrant building that exemplifies all that is good about the town of Rugby as a go-ahead and positive location for business.

Mr Binley: May I confirm that Northampton is on a loop line? Although the main line from Rugby works very well indeed, the loop line from Rugby through Northampton and down to Milton Keynes does not. If my hon. Friend could pay a little heed to that, I would be very grateful.

Mark Pawsey: Absolutely. My hon. Friend will expect me to stand up for my constituents who receive a good service. It is very important that we maintain that service, whether or not high-speed eventually takes place.

My hon. Friend the Member for St Albans referred to the accountability of Network Rail in the costing and management of its projects. Although we have a great new station at Rugby, there are very serious questions about how much it cost to deliver. Some of those questions were aired on the BBC "Panorama" programme on 16 January, when reporters were advised by the Office of Rail Regulation that soaring costs were an oversight, but that it was not possible to determine by how much the project had overspent. Our local newspaper, the *Rugby and Lutterworth Observer*, spoke to a member of the Rugby rail users group who talked about setbacks in the construction process leading to train services being stopped simply because Network Rail was unable to complete its work on time. The hon. Member for Hayes and Harlington (John McDonnell) drew attention to that issue.

We have got a new station, but the second matter regarding the changes at Rugby is the noise nuisance from the new track that has arisen since the works upgrade on the west coast main line. I have met Network Rail staff and approximately 25 residents to try to resolve that matter. In most cases, we are talking about residents who have lived in the area for many years. They had got used to living with the railway before the upgrade and were familiar and comfortable with the noise.

Many of the works that took place in Rugby were intended to enable trains to pass faster through Rugby station. Of course, the faster that trains travel—the higher the speed that they run at—the more noise is generated. In the district of Hillmorton, there are two separate noises: first, the absolute noise that the trains make; and secondly, a distinctive one-off thud is heard each time a train passes. I will come to that in a moment.

On major noise levels, my constituent Peter Bayliss invited me into his garden to listen to the noise. He showed me hand-held sound meter readings of between 89 and 90 dB for trains passing through at great speed. That was not previously a problem because, under the old alignment, trains slowed down to pass through the station. There appears to be no resolution to the issues faced by Mr Bayliss and his neighbours.

Kelvin Hopkins: The M1 goes through my constituency and I have persuaded the Government to build noise barriers, which have made a considerable difference. Would noise barriers help in the hon. Gentleman's constituency?

Mark Pawsey: I thank the hon. Gentleman for his advice. We are continuing to talk about the problem, but we are effectively being stonewalled by Network Rail.

The thud has been the subject of correspondence between me and Mr Higgins, the chief executive, who has been mentioned. My most recent letter from Mr Higgins in that regard was dated 27 January. I was invited into a resident's upstairs room, so that I could understand the impact of that noise disturbance. I will not detain hon. Members by telling them which room the lady constituent invited me into, but I was able to hear a very distinctive thud each time a train passed. The lady told me that the noise wakes her regularly in the morning. I use the line regularly, and as a passenger, I can identify the sound. The noise comes from something that I understand is called a switch and cross, which is a device that allows trains to maintain their speed. In his letter, Mr Higgins tells me that there is absolutely no fault with the equipment. That is something my constituents will have to live with.

In both instances, my constituents had come to live with the railway over many years and were comfortable with it. There has now been significant change. I do not think that Network Rail has taken that on board. There is little prospect of remediation for my constituents.

Kelvin Hopkins: I am sorry about that. Another suggestion is a floating slab track, whereby the track is insulated from the source of the noise and the vibration is taken out of the ground. That is another very good method of noise reduction.

Mark Pawsey: I thank the hon. Gentleman for his advice and guidance, but I would have hoped that Network Rail would refer those things to me when I presented the problems to it. In each case, neither remedy has been proposed. Network Rail should be more responsive to a broader group of people, not only those who use the railway and its operators, but those who live by it. As a result of the improvements to the west coast main line, those people have had their quality of life significantly impaired.

[Mark Pawsey]

My hon. Friend the Member for Northampton South referred to his enthusiasm for HS2. Those who live close to the line or who are disrupted by the building of high-speed rail will be massively compensated for the disturbance and there will be all sorts of remedial measures. Unfortunately, I am talking about an upgrade to an existing line and my constituents will not receive those benefits.

The third issue that I should like to raise is access to the west coast main line during construction of the Rugby western relief road by Warwickshire county council. That long-awaited road, which was designed to relieve traffic pressure in our town centre, eventually opened to traffic on 10 September 2010. The works required the demolition of a road bridge at Parkfield road and the construction of a new bridge on a different alignment. For a variety of reasons, the history of that road's development shows that it was not a successful project. The costs rose from the original estimate of £36.5 million to a final out-turn of around £60 million, with a substantial delay in delivery.

A report prepared by the county council draws attention to the reasons for both the increased cost and the delay. A substantial reason given was that problems arose in gaining access to Network Rail land to get necessary works done. There was some difficulty in getting—again, this is a technical term—forms A and B approved by Network Rail. That led to uncertainty in predicting when certain works could start, which, in isolation, added a cost of £2.3 million to the project. In addition, the reprogramming of some work in the diversion of a 25 kV power supply added £635,000 to the project.

The entire issue was the subject of a letter from the leader of Warwickshire county council to the then Secretary of State for Transport dated 5 September 2011. That letter refers to the need for a works agreement with Network Rail before any work can be carried out and to the delays in getting that agreement. I understand that a template is being negotiated by the County Surveyors Society. In this instance, gaps have been left that have led in turn to issues of contention.

The problem is that Warwickshire county council felt obliged to accept the terms imposed on it by Network Rail, which was the dominant partner in the arrangement. The county council certainly believes that Network Rail was less than constructive in enabling the bringing forward of a project that would give broader economic and community benefits. The county council has called for a review to establish more equitable terms, with regard to the wider public interest. Will the Minister comment on that? I raise the point today to support such a review.

Rail connections are very important in my constituency and, as we have heard, in the whole country. We clearly need efficient management of our track. I hope that the issues raised today will lead to improvements in how we operate and maintain this essential public service.

4.30 pm

Dr Thérèse Coffey (Suffolk Coastal) (Con): It is a great pleasure to participate in this debate under your chairmanship, Mr Rosindell. I was delighted to secure the debate, led by my hon. Friend the Member for St Albans (Mrs Main). On behalf of us all, I would like to ask the Minister to pass on our best wishes to my right hon. Friend the Minister of State, Department for Transport, who has responsibility for rail, who has sadly had an accident. I understand that she is back on her feet. I hope that she makes a swift recovery. I know she is very resilient, but I hope she gets the rest she needs to make a full recovery.

Network Rail is 10-years-old this year. We all know how, why and when it came into existence. It is timely and appropriate to have this debate, especially as just over a month ago the Office of Rail Regulation served a notice of breach of licence to Network Rail on two fronts: on long-distance rail and on freight rail services. I have a particular interest in freight rail, which I will come to later in my speech.

One point that has been well expressed—I will try not to repeat too many points that have already been made—is that there has been some progress with Sir David Higgins. However, that does not mean that his job already requires significant six-figure bonuses. I am sure I am not the only person whose eyebrows were raised on understanding that that would be the case. I encourage the remuneration committee of Network Rail to consider carefully—having received those two breaches and considering the ongoing challenges that our constituents face—whether that bonus would be appropriate. I have no problem at all with rewarding success, but I cannot say at the moment that there has been great success on our rail network.

Since the debate was announced, I have had a very quick response from Network Rail. I commend my hon. Friend the Member for St Albans, because I understand that she would not meet with Network Rail until the debate had taken place. I did meet people from Network Rail. It was fantastic that my original query from last summer, which I followed up in October and again in January, was finally answered—good news. It also gave me the opportunity to meet Dave Ward, who has been put in charge of the East Anglia region. He talked about some of the changes that have already happened, and what he plans to do. I will give praise where praise is due: I like some of the changes that have been proposed. However, the proof will be in the pudding.

I want to mention briefly factors beyond control, which have been talked about. Perhaps this is degenerating the debate, but Network Rail has often been called "Not work rail" or "Network fail". The wrong kind of leaves and the wrong kind of snow—these factors are difficult and I accept that. Extraordinary incidents will happen; for example, burst water mains. Cable theft has been a growing problem. The Government have responded. That response perhaps took longer than everybody wanted, but they have done the right thing in tabling an amendment on tackling metal theft, which will include aspects of cable theft. Network Rail could have done more itself to assess the security of its own lines, whether through technology, or through the good old-fashioned use of people to check what is going on. Indeed, Mr Ward suggested to me that he is spending £2 million on security patrols to try to ensure that such theft does not happen, or at least that it is reduced, and I welcome that.

I also want to mention two Members who cannot be here today. My hon. Friend the Member for Ipswich (Ben Gummer), who also helped to secure the debate, is opening the wing of a hospital, or something like that,

in Ipswich. I pay tribute to his relentless work in trying to improve and secure investment for the greater Anglia area. My hon. Friend the Member for Witham (Priti Patel) has already spoken about the challenges for that line, so I will not repeat them. My hon. Friend the Member for Ipswich has also been working with my hon. Friend the Member for Norwich North (Miss Smith) on the Norwich in 90 and the Suffolk in 60 campaigns, bringing together MPs from across all three counties to ensure that we get a better service.

The other hon. Member who cannot be here is my hon. Friend the Member for Lincoln (Karl McCartney). He also has to meet constituents today, and he wanted me to plug the fact that he is fed up with Network Rail. Anyone who has ever been to Lincoln will know that the railway line dissects it. He believes that the latest proposals for freight will mean that the level crossing will be closed for 40 minutes in every hour in daylight hours. He does not think that that is acceptable, and that is a fair point.

On issues of cost and time, we have heard some interesting ideas about what the right thing to do is. Is the right thing to go back to integration, or is it to introduce more competition? My first interaction with Network Rail came about after we lost the hourly service, which had been agreed before I became the Member of Parliament. Passengers had to change trains—there was no through train all the way to Lowestoft and they had to change at Ipswich. That meant that passengers who were not so mobile, or those with heavy luggage, had to be escorted across the tracks. On a very tight connection time of perhaps less than six minutes, that did not always feel very safe or ideal. In fact, passengers ended up going outside the canopy and out into the open elements. Wet or icy weather added to the problem.

Network Rail was supposed to build a footbridge and lifts. It did so, but they were several months late and cost £2.7 million. I understand that £1 million a lift is the going rate, which leads me on to a general point. Everything from Network Rail seems to be costed in units of £1 million: do we want a level crossing? "Yeah, that will be £1 million." A new academy school building is being built and more children will use a particular route on the way to school. Network Rail has lodged an objection in respect of Runnacles Way, because children walk across there. A bridge is required, which might cost £1 million, or it might cost £2 million. Meanwhile, someone who has been doing some contracting work for the Environment Agency—which used to have the same problem in my view; everything was very expensive—reckons that he can build the bridge for approximately £150,000.

We should not accept that everything costs £1 million or more. That is why I was encouraged by the changes—I think it is called the devolution principle—that allow directors to take control of their regions. The Network Rail group that currently does a lot of small projects will be opened up. Pilots are being conducted to find out whether other firms can bid for tender. Indeed, Abellio, the new franchisee that comes online within the week, has said that it would strongly consider doing that; it does maintenance projects in the Netherlands. That presents an opportunity, but without the complexity that adds cost through procurement, as the hon. Member for Luton North (Kelvin Hopkins) said. However, we need to do something about value for money. We should not accept that the cost of everything is in units of £1 million. Network Rail pulled its finger out with the floods in Cumbria and rebuilt a station in three days, which was fantastic. I would love to see that happen everywhere.

Kelvin Hopkins: The hon. Lady is making a strong point about cost. British Rail used to have cash-limited projects that worked within cash limits. The engineers and the directly employed people said, "How do we do this as cheaply as possible? We have to work within the cash limits and we want to do the best job possible." That actually worked, and is one of the reasons why cost was low in BR's day.

Dr Coffey: The hon. Gentleman has more experience than me on those matters. Some interesting ideas are coming out today—I am sure that the Minister will take note of them—about building not just to spec, but being part of the design solution, and about other activities being constrained within a budget.

I should like to thank Network Rail, Suffolk county council and the Government for putting aside the money to ensure that we get the Beccles loop, which will reintroduce an hourly service all the way through to Lowestoft, as opposed to our only getting trains every two hours beyond a certain point. That improvement should be in by the end of this year.

Level crossings are a big challenge in my constituency. I respect the ambition of the hon. Member for Hayes and Harlington (John McDonnell) to see no level crossings at all, but I do not believe it is feasible. I live in a rural area with nine stations and 50 crossings, but many of those are bridges built a long time ago, back in Victorian times. Of the 27 level crossings in my constituency, only 11 have automated barriers. Eight have to be opened by hand. People drive up, get out of their car and walk to the gates, use the phone, open both gates, drive over, and then come back and close the gates. Those are the examples we could find; we have been doing a bit of research. I have used such a crossing and, as hon. Members can imagine, I have avoided using that route again.

In eight places there are just lights, with no barriers at all. Two of those are on A roads, one with 15,000 traffic movements per day. There have not been that many accidents, but I am not sure whether that is due to the design or people's patience. It is such a crossing that I have been chasing Network Rail about—the one that will cost £1 million for installing two barriers—and I am delighted to say that I was told that it would be done by 2013. I am delighted that Network Rail has committed to doing that, but its challenge is to try to do that more cheaply. I want the response paper to contain something about how we are going to tackle some of those matters. The example that I have mentioned is not the only level crossing that is needed.

In a rural area, I would rather have routes than roads blocked off. If there were an insistence on there being no level crossings at all—just an underpass or bridge—quite a lot of mobility within rural areas would be compromised. It is about taking a risk-based approach and seeing whether we can do something about some of the crossings where people have to get in and out of their cars, and so on.

[Dr Thérèse Coffey]

I welcome the change in who can bid for work, which will be piloted. I understand that Anglia will be part of that pilot. However, it is critical that there is transparency. I want Network Rail to report on how many projects are internal and external. Starting to show value for money and the percentage, or value, of work being done externally would be a useful barometer.

Mrs Main: My hon. Friend is making a powerful speech. When I was looking to research this debate—I did not want to get too involved—I was amazed, in respect of contract tendering, that Network Rail's costs for a job seem to be padded out with all the worst-case scenarios and it comes up with a massive figure and adds a bit on top for good luck. If everybody operated like that, nobody would be awarded the tender. Network Rail would be forced to produce a better set of figures if others were allowed to tender as well.

Dr Coffey: My hon. Friend makes another important contribution. I worked at the BBC for a short while, so I recognise that contingency can be a big part of any project cost. I also recognise that things sometimes go wrong and that people have to react quickly. I mentioned earlier an analogy with the Environment Agency. Some works were done by the internal drainage board. Funnily enough, the framework contractor for the Environment Agency cost about three times as much as other contractors. We do not want to fall into the trap of—I had better use my words carefully—the establishment figures being the only ones that end up doing the work, because they are almost part of the same circle. I think that that is the best way of saying it.

I welcome the closer collaboration. Abellio will be involved. There is a challenge for the industry. Things are already happening as a result of the McNulty review, before the Government have published the Command Paper. I am delighted about that.

Other things are useful, too, including technology. My remarks at this point may answer some points raised by the hon. Member for Hayes and Harlington, who mentioned checking activity. I understand that things can be added to train roofs so that, instead of a visual check happening however often, a constant check can be made every time a train goes up and down a line. Simple ideas such as that one, which may cost a bit of capital—I get that—will build in some resilience. Instead of people being paid, frankly, to walk up and down—I am not saying that that should be got rid of entirely—such technology could be used to judge more intelligently the schedule of maintenance that needs to be done.

John McDonnell: That is exactly what the teams do now. They are not just walking the track; they are mobile and use new technology as well, but even teams that use new technology have been cut back recently.

Dr Coffey: I thank the hon. Gentleman for adding that point. Such technology has not been put on to the East Suffolk line and East Suffolk trains, so that is news to me, although clearly not news to him.

Hon. Members have already mentioned the finger-pointing. My hon. Friend the Member for Mid Norfolk (George Freeman) made an interesting contribution about whether alliances are enough or whether there should be mergers in respect of this whole operation, having train and track together. Let us challenge the way that Network Rail is structured and ask whether it is fit for purpose to deliver ongoing improvements and what we need.

On structure and governance, we have already talked about the complex structure that was devised in 2002. The coalition agreement specifically says that it will make Network Rail more accountable to customers. We look forward to the Government's move on that. It would be useful to do something radical with Network Rail's board and, instead of the 100 members, move to a 12-person board, for example, with a passenger group focus as part of that. Trying to manage that complexity is difficult. Hopefully, such a new process would allow for more focus.

I call on the Office of Rail Regulation to be focused on that in regulating Network Rail. The possibility of it going into train operating companies and other companies may be in the coalition agreement, but I would rather it stuck to the knitting and got that right before going into other matters. Passengers are clear when they are not happy about services. One way to try to regulate that matter would be to build it into the franchise or something similar.

I encourage Network Rail to stick to what it is good at doing. I was disappointed to hear—it has gone off the idea, thank heavens—that it considered setting itself up as a broadband operator. It is a clever idea to use things alongside the tracks to carry fibre, and similar, but the thought of its being in competition with BT Openreach was bizarre. Working with somebody who knows something is fine, as is becoming a conduit, but thankfully the idea that it would be the rival to BT Openreach went away.

Why am I interested in freight? Felixstowe, the leading container port, is in my constituency. It has rail terminals and a new one is going to be built. Putting freight on to rail is an important part of trying to reduce the percentage of freight on our roads. The Government are keen to do that, because it is good environmentally and it reduces demand on the key arterial roads throughout the country.

I encourage Network Rail to work with Hutchison at the port of Felixstowe so that it puts dualling in earlier. Due to the economic challenges that Hutchison said it was facing, it secured permission from Suffolk Coastal district council to delay that activity and had its planning permission extended, but it would make sense to do it now.

Some work has already been agreed—certainly, the consultation is starting—on the Ipswich chord, which, for hon. Members not familiar with Suffolk, would just add a bit of extra track, but means that, instead of many freight trains going into London and then out again to get to the north, those can go straight up towards Nuneaton. That makes a lot of sense and will free up a lot of capacity. To give Members a view of the costs, a 1 km stretch of track will be £41 million. Admittedly, that is not only for the steel on the track but for all the complexity of the other aspects. That is another example of the eye-watering amounts of money required for what one would like to think of as straightforward—perhaps I should not say that—key projects.

I also put in a bid for work at the Ely North junction, which would help freight traffic as well as certain passenger routes. Network Rail has a tough time with freight when connecting seaports; if Felixstowe or Liverpool close down, because of wind, rough seas or whatever, there is a bit of a problem. Dare I say it, however, the Network Rail people are paid a lot of money to solve difficult problems, so they must build that resilience into their timetabling and capacity building. The answer is not to do what happened to my hon. Friend the Member for St Albans, who suddenly had half the number of trains, because that is not acceptable.

Network Rail is a fascinating organisation. It is a case study of what can go well and of what can go wrong. However, the constituents of Suffolk Coastal and, more broadly, people throughout the country are fed up of being left waiting. It is vital that the Government grab the chance offered by the McNulty review and the Command Paper to put passengers and businesses first. Network Rail can be made to work, potentially, but the proof will be in the pudding, and I suggest to Sir David Higgins that, if we do not see much change within another year, we must question whether he has the capacity to make the changes necessary.

I thank all Members who have spoken so far. My hon. Friend the Member for St Albans will be winding up. I have enjoyed the debate and I genuinely think that there have been some fresh ideas that the Minister will absorb.

4.51 pm

John Woodcock (Barrow and Furness) (Lab/Co-op): It is a pleasure to serve under your chairmanship, Mr Rosindell. I add my congratulations on securing the debate to the hon. Member for St Albans (Mrs Main) and her colleagues. I echo the words of the hon. Member for Suffolk Coastal (Dr Coffey) in that, while it is always a delight to face the Under-Secretary of State for Transport, the hon. Member for Lewes (Norman Baker), we hope that the Minister of State, Department for Transport, the right hon. Member for Chipping Barnet (Mrs Villiers), has a speedy recovery, hastened by not watching the debate and getting some rest.

The debate has been good and has included a number of powerful and well-informed contributions. I particularly enjoyed the Punch and Judy performance between the hon. Members for Rugby (Mark Pawsey) and for Northampton South (Mr Binley). On this occasion, I will resist the temptation to make another contribution about High Speed 2, leaving for another day the thuds that can be heard from the upper room of a home in the constituency of the hon. Member for Rugby.

The debate has rightly had a repeated focus on the performance and accountability of Network Rail. As hon. Members have pointed out, the debate is particularly timely given that, shortly before Christmas, the Office of Rail Regulation said that it considered Network Rail to be in breach of its licence for reliability in the freight sector and likely to be in breach for long-distance passenger services. In both sectors, performance is declining at a worrying rate. End-of-year targets for 2011 were missed and ORR remains to be convinced that Network Rail is doing all that it can to improve reliability. A striking fact that should be re-emphasised is that Network Rail has already admitted that it will not meet its 2012 target for punctuality, and yet we learn that that organisation believes that this is the right moment to put forward a fresh reward scheme worth up to 500% of salary over five years.

To state the blindingly obvious, the reliability of train service leaves a lot to be desired in so many parts of the country. The statistics are clear. In 2011, more than one in 10 long-distance services was more than 10 minutes late. Such underperformance is frustrating for passengers, damaging to business and, potentially, a real and significant drag on overall economic performance in the country and the regions. We need a railway that performs better, not least because hard-pressed passengers are being asked to pay fares that have recently risen by up to 13%.

The figures on the causes of delay are clear. A more reliable railway will require better performance from Network Rail. When our constituents complain to us about a delayed journey, the train operator as the shop front for the railway system tends to get it in the neck. Many operators, indeed, need to up their game, but month on month, year on year, the majority of delays are the responsibility of Network Rail. In the most recent period for which figures are available, the organisation was responsible for 646,000 minutes-worth of delays to trains, representing 59% of the overall total.

No one is pretending or should imagine that there is an easy solution. Network Rail, or whatever organisation or structure might be put in its place, is charged with operating a complex, extensive rail network that has seen differing levels of investment over many decades. There is more demand for rail travel now than in any peacetime period since the 1920s. Yes, some of the delays ascribed to Network Rail are largely outside its immediate control. In particular, as mentioned in the debate, cable theft has risen fast up the agenda in recent months. To dwell a moment on that, we now know that rising global metal prices have triggered an unprecedented level of theft of the more valuable metals, from the railways as from electricity suppliers, communications providers and, most despicably, churches and memorials. The theft of even a short stretch of signalling cabling from the railway can lead to the shutting down of huge sections of the network for hours on end, as we and our constituents have seen, causing immense disruption. In the current financial year, passengers are on course to suffer almost 7,000 hours-worth of delays because of cable theft, which would be a record.

Mrs Main: The hon. Gentleman is making a powerful point. Such cases are deemed to involve force majeure, however, and something over which Network Rail has no control, unless it was derelict in its duty to police the railway line. As such, Network Rail would not be seen to be failing, but I believe that it is failing on things over which it has control.

John Woodcock: That is an interesting point. We should examine repeatedly how such incentive mechanisms work.

In the case of cable theft, increased action and a tougher regulatory system are needed to enable Network Rail to perform better. Of concern is that it took so many instances of main lines and major stations coming to a halt before the Government were spurred to what we hope is greater action. Even though Ministers now seem prepared to legislate for a ban on cash sales of

[John Woodcock]

scrap metal, at the moment their actions fall short of what is required to end the scourge of thefts. Cashless transactions alone may prove too easy to circumvent. We need a licensing system for scrap metal dealers, strengthened police powers to enter premises that they suspect of selling stolen metal and to close such premises down if necessary, and a requirement to show verifiable identification, recorded at the point of sale, for all transactions.

Ministers still have an opportunity to put more comprehensive measures in the Legal Aid, Sentencing and Punishment of Offenders Bill. They would have cross-party support in doing so. I am talking about measures that would genuinely put an end to the spiral of delay, disruption and extra cost being experienced by passengers and freight customers across the network. I hope that the Minister will outline whether he is prepared, from a transport point of view, to put pressure on his Home Office colleagues to go further on the matter.

There is a need for improved performance from Network Rail in areas over which unquestionably it has control. Those areas include the reliability of signalling systems and better management of planned shutdowns to limit overruns having an impact on the next day's passenger services. Performance is highly variable across the network. Far more needs to be done to ensure that good practice is learnt from by all Network Rail regions.

There is real scope to improve performance by reforming the artificial barrier between track and train—one legacy of the botched privatisation of the railways. However, there remains real confusion about where the Government are heading on that. Originally, Ministers proposed handing over infrastructure to the private sector, raising questions about whether they had truly learnt the lessons of the Hatfield crash. Will the Minister make it clear whether they have abandoned those plans? In the absence of the much-delayed Command Paper, the confusion drags on, so will the Minister tell us when we can expect to see that Command Paper?

We also have concerns about something that has so far not been brought to the House but on which newspapers have been briefed, which is the Minister's new idea about creating single management companies out of Network Rail and train operating companies, starting with a potential partnership with South West Trains. The Minister needs to say how a level playing field will be ensured when such franchises come up for renewal. How will other train operators, both passenger and freight, that use that part of the network fit into the alliance? How does the balance between a for-profit train operator and the not-for-profit Network Rail work in that context?

Hon. Members are right to focus on the need to improve efficiency. As part of that, we need to make procuring and building improvements more efficient without compromising safety. I have spoken to train operating companies, and a number of them have expressed concerns that having to use Network Rail to procure improvements to the non-safety-critical parts of the railway system, such as station buildings and car parks, significantly pushes up the costs of and delivery timeframes for those improvements. Will the Minister expand in his winding-up speech on plans either to allow TOCs to procure such works independently, or to ensure that Network Rail improves its processes?

A number of hon. Members raised, quite rightly, the issue of investment in various parts of the rail network. However, the way in which we currently manage investment in the railway system and, indeed, across the transport network needs to change. We need longer-term thinking that goes beyond artificial five-year horizons. We have a reasonable idea of where the pinchpoints in the system will be in decades to come, the capacity challenges and the emerging markets for new or faster services. We have had, for example, welcome albeit piecemeal announcements of funding for electrification. So far, that applies mainly to schemes developed by the previous Government. However, the five-year horizon of planning means that the Government are hindered from creating greater certainty about a rolling programme of electrification, which, at its best, could guard against the resources and skills employed by schemes such as the Great Western and north-west wiring schemes being lost at the end of those programmes rather than being moved to the next area, such as the midland main line or the Great Western route through to Swansea.

Labour is not calling for extra spending on rail in this comprehensive spending review period, but we do want the five-yearly assessment of what is affordable to be part of a longer plan for what is desirable and likely, so that industry can plan and British manufacturing can have the best chance of winning contracts.

Kelvin Hopkins: My hon. Friend is rightly emphasising costs, but a lot of the costs have to do with the method of contracting and sub-contracting that has been in use since privatisation. The contrast with British Rail is extreme, but there is also the contrast with costs abroad—other railway systems on the continent of Europe. Is that not something fundamental that we have to look at to bring those costs down, not just marginal changes to improve efficiency a bit, because we are talking about a multiple of costs?

John Woodcock: I thank my hon. Friend for his intervention. He is right to say that we need to look across the board at all options for improving efficiency. Avoiding inefficient procurement decisions, without returning to the days of the railway system that existed before the botched changes were made, which was not in itself operating efficiently, is the challenge and would be the challenge for any Government seeking to produce real, lasting and effective reform.

The deficit of accountability and transparency has rightly dominated speeches today. They have been powerful and well directed, but before I say more about where we share concerns in that respect, it is important to stress how far we have come since the days of Hatfield. Network Rail's unusual structure was forged in response to the failure of its predecessor, Railtrack. The Labour Government were right to take action to bring the management of our rail infrastructure back under control, but the simple fact that we are in a relatively better place today does not mean that we can or should ignore the problems and shortcomings that beset the organisation a decade on.

The unusual nature of Network Rail has created a deficit of accountability. It does not have shareholders and does not respond directly to elected politicians, as

has been demonstrated today. Most importantly, it is not properly responsive to the passengers who use the railway system. That can leave it unable properly to serve businesses, passengers and communities alike, and allow inefficient practices to continue. It has given rise to the alarming allegations that hon. Members have aired today and on which I hope the Minister will comment in his winding-up speech. *[Interruption.]* He still has 20 minutes.

The Parliamentary Under-Secretary of State for Transport (Norman Baker): My hon. Friend the Member for St Albans (Mrs Main) has to speak again.

John Woodcock: I will be brief. We want a railway that provides value for money for and is accountable to the taxpayer and the travelling public, a railway where passengers and freight customers can rely on the timetables and a railway that can plan strategically for the long term. That is why we are listening, as part of our policy review, to a wide range of ideas for improving the accountability of Network Rail, such as the Co-operative party's proposals for mutualisation of the company. I therefore hope that the Minister will tell us where his plans to review the ownership and accountability structures of Network Rail to make it better able to serve the public have got to and whether they will include improvements to transparency.

Finally, I come to the issue of bonuses. Network Rail's accountability has been brought into focus today by the news that Network Rail's senior management will next week seek to award themselves a new bonus and incentive scheme. We understand that that will include an annual bonus of 60% of salary and, in addition, a five-year reward scheme worth up to 500% of salary. The public will be staggered by such proposals. Network Rail is currently in breach of its licence. It must recognise that times have changed and that bonuses on top of salaries need to be for exceptional performance and not the rule.

There is a responsibility for Ministers here, too. Network Rail's articles of association make it plain that the Secretary of State has a clear remit over pay and bonuses. She has a right to attend the remuneration committee and the board meeting that decides these schemes, or to appoint a special member to represent her. Despite the coalition's pledge to make Network Rail more accountable, the Secretary of State has failed to take up that right. She still has the opportunity to do so. The Minister will be keen to know that Downing street seems to take a relaxed view on this matter judging by the lobby briefing this afternoon. The Prime Minister's official spokesman agreed that there was a vote, but said that the decision rested with the Secretary of State. In his winding up, will the Minister say if his boss or he will attend the board meeting on 10 February to make it clear that such a package is unacceptable? Warm words about accountability are not enough—

Mr Binley: On a point of order, Mr Rosindell. I want to hear the Minister speak and time is very limited.

John Woodcock: The hon. Gentleman is quite right to raise his point of order, but I am in my last paragraph.

The Government need to get a grip on the organisation and its future, and they must start with this unacceptable bonus culture.

5.11 pm

The Parliamentary Under-Secretary of State for Transport (Norman Baker): I shall have to give a high-speed reply to get through the various points that have been raised by Members this afternoon. It has been a very good debate, and I am grateful to my hon. Friend the Member for St Albans (Mrs Main) for introducing it.

The coalition Government are delivering the biggest and most ambitious rail upgrade programme since the Victorian era. I would go so far as to say, without hyperbole, that this is the most pro-rail Government that we have had for decades. Despite pressure on budgets, we have made a strategic choice to increase capital investment in those parts of the infrastructure that best deliver sustained and sustainable economic growth, including rail. That is why £18 billion was allocated in the 2010 spending review to deliver an ambitious programme of investment in rail infrastructure and rolling stock.

Our problem now is success: there are more people on the railway now than at any time since 1929, with a network about half the size. My hon. Friend the Member for Northampton South (Mr Binley) is absolutely right; this is all about capacity, which is why we must get on with High Speed 2. We will try to deliver it as soon as we possibly can, and if we can, we will bring it forward, but we will not over-promise on what we can do on that or on anything else.

Many projects are going ahead, including Thameslink and Crossrail. I will not bother listing them all. Suffice it to say that we have a progressive programme of electrification that involves not simply one or two schemes. We want progressively to electrify the entire network and have already announced schemes that were not envisaged by the previous Government.

As Sir Roy McNulty found in his independent analysis of the value for money of the industry, our railway is the most expensive to run in Europe. It is up to 40% more expensive than some on the continent. Taxpayers and fare payers have shared the burden of inefficiency through some of the highest fares in Europe and some of the highest public subsidies, but this high-cost status quo is no longer an option. It is bad for passengers and bad for taxpayers, and we intend to deal with it.

Alongside our commitment to modernise and improve the network comes an equally crucial commitment to drive down costs and improve the efficiency of the railway, which was the third choice to which my hon. Friend the Member for Northampton South referred in his contribution. In large part, that involves addressing the concerns that my hon. Friend the Member for St Albans and others have raised about Network Rail's accountability and performance.

Sir Roy concluded that efficiency savings of up to £1 billion a year could be achieved by 2018, without radically restructuring the industry, cutting services or compromising quality or safety. However, that will require all parts of the industry to focus attention on driving out waste and driving up efficiency. If they do that, we can have the long-term growth future for the railway that I for one want to see. We also want to end the era of above-inflation fare rises and the RPI plus 1% formula that was introduced and happened year on year under the previous Government.

[Norman Baker]

Hon. Members have asked about the Command Paper. It will be published shortly—I think that "shortly" is an official word in civil service speak—and will build on the findings made by Sir Roy and set out a blueprint for rail reform. Developing the role of Network Rail will be at the heart of the Command Paper. Although Network Rail is not perfect, it is not Railtrack, and Sir David Higgins is not Iain Coucher, so I hope that hon. Members can take some comfort from that.

The railway needs an infrastructure operator that is responsive, accountable and able to deliver the best possible results for operators, fare payers and the wider population who fund it through the public purse. Equally, Network Rail must be better incentivised. Reform of Network Rail's structures and governance is therefore a key part of the Government's rail agenda. Let me give this absolute assurance to the hon. Member for Hayes and Harlington (John McDonnell): we are determined that no changes should be made that would jeopardise the impressive improvements in safety and punctuality made by Network Rail and the rail industry in recent years.

We know about the tragedy of Grayrigg in February 2007. I am not being complacent when I say that that was the last tragic event in which a passenger died. It is worth pointing out that there were four deaths at level crossings in 2010-11. That is four too many, but it is the fewest such deaths that we have had for a decade. Efficiency does not mean compromising safety.

John McDonnell: On Grayrigg, the ORR said:

"the company's failure to provide and implement suitable and sufficient standards, procedures, guidance, training, tools and resources for the inspection and maintenance of fixed stretcher bar points"

was a key issue that caused that death. The same depot responsible for that stretch of line has just had a 15% cut in its budget.

Norman Baker: The fact that efficiency savings or reductions in numbers take place does not necessarily mean that safety is affected. Obviously, the hon. Gentleman's point has been well made, and I will take it back with me. Network Rail today is a significantly improved body from what it was in February 2007. None the less, we share the Office of Rail Regulation's concerns about certain aspects of the company's recent performance, such as punctuality over the past 12 months, some weaknesses in safety culture and poor implementation of integrated train planning under certain conditions.

The Government look to the Office of Rail Regulation to hold Network Rail to account and to continue to drive improved value for money from the company. As part of that process, the ORR has set Network Rail a requirement to make efficiency savings of 21% in its 2009 baseline by 2014. It will continue to produce annual reports benchmarking Network Rail's efficiency against its international peers.

The Office of Rail Regulation's latest annual report states that Network Rail has made progress against its efficiency targets, but that it has more work to do to justify all of its claimed savings. When Network Rail delivers on its current commitments, the ORR expects it to have closed around two-thirds of this efficiency gap by 2014 and the rest by 2019.

A key part of the McNulty review is to see much closer working and alignment of incentives between Network Rail and the train operators. A number of Members raised that, and it is something that the Government are focused on and it will feature in the Command Paper.

We welcome Network Rail's regional devolution initiative to focus its business down to the route level and to work closely with train operators. David Higgins is taking forward work on structural reform to form closer alliances with the train operators. Moves towards asset management concessions and improved supplier engagement are vital.

We recognise concerns that Network Rail's governance has not, so far, provided adequate mechanisms for holding the company's board to account. That has been particularly apparent in respect of bonuses. The Secretary of State for Transport has been rightly firm on that matter, as indeed has No.10, despite what we have heard this afternoon. We expect bonuses to be dealt with in a responsible and a sensible manner by Network Rail, as we do by others. However, the Government's powers, which we inherited from the previous Administration, to deal with those bonuses are extremely limited. Let me remind the hon. Member for Barrow and Furness (John Woodcock) that in 2009-10, under the previous Government, Iain Coucher received a bonus of £348,184, and the top seven directors together clocked up £1,347,000.

John Woodcock: The Minister will be aware that the previous chief executive waived his bonus in the 2008-09 period when he was asked to do so by the then Secretary of State, Lord Adonis. When the former Secretary of State for Transport, the now Secretary of State for Defence, raised the issue of those bonuses to Iain Coucher, he was completely ignored.

Norman Baker: The fact of the matter is that we have not inherited powers to deal with those bonuses. This is the Network Rail structure that we inherited, and we are now trying to sort it out.

Let me deal with Network Rail's performance, which comes within my portfolio. It is not as good as it should have been, and passengers are rightly unhappy when their train is delayed or cancelled, especially when that happens regularly. To be fair to Network Rail, we must put that performance in context. In 1997-98, the annual public performance measure was 89.3%. After the accident at Hatfield in 2000, it fell to 74.2%. Since then, it has risen progressively, and punctuality today stands at 91.7%. I am not saying that that is good enough, but it is not the catastrophic case that is sometimes presented. It is certainly not true that, as the Labour party spokesman said, performance has been declining at an alarming rate. It has not; it has been improving. It has not met the targets, but it has been on an upward trend.

The current high level output specification for the railways specifies a further improvement to 92.6% during the period to 2014, and that is what the Department is focused on, as is the ORR. There is still a lot to do. I am concerned that performance over the last year has been iffy for various reasons, including the previous two exceptionally severe winters and an increase in the number of external events, such as cable theft. What is happening about cable theft is not the full range of the Government's response, and it is inaccurate to present it in that way. We are simply using existing legislation to

do what we can. Further measures will emerge as and when we can take them. In addition to cable theft, other issues have affected Network Rail's performance that I am told were within its control.

Remedial plans have been put in place to enable improvements by the end of the current year, and plans are being developed for the remaining two years of the current rail control period. I am happy to tell my hon. Friend the Member for St Albans that a great deal of work has gone into much better winter resilience, including third-rail heating to prevent the sort of problems that occurred in previous winters, to which she rightly referred. I hope that she will be reassured by the fact that I meet Network Rail and the train companies monthly to examine performance with a specific analysis to ensure that they are keeping up to scratch with their plans.

As has been said, the ORR has published enforcement orders requiring Network Rail to take further steps to improve performance, particularly for long-distance passenger services and freight services. Hon. Members will know of the letter written by the ORR to Network Rail—it is fair to say that the train companies also have responsibility to do their best to ensure that punctuality and performance are maintained—and I simultaneously wrote to the train companies about their responsibilities to ensure that they are doing what they can to maintain performance at their end.

My hon. Friend the Member for St Albans referred to the National Audit Office. Network Rail is officially a private sector company. That classification is determined not by the Government, but by the independent Office for National Statistics, and that is what it has decided. I am not aware of any precedent for the National Audit Office having jurisdiction over private sector companies.

Under the terms of the Railways Act 1993, as subsequently amended, Network Rail is subject to scrutiny and regulation by the ORR, which has access to information that it needs from Network Rail, properly to assess the company's performance and efficiency. The ORR is part of the public sector, so it is subject to National Audit Office scrutiny. The National Audit Office and the Public Accounts Committee have recently undertaken audits of the Office of Rail Regulation, taken evidence from Network Rail and others and produced reports on the regulator's effectiveness.

We note and endorse the conclusions that the ORR must take steps to ensure that it has the capability that it needs properly to hold Network Rail to account and to drive it to close the efficiency gap with leading European comparators. I have sought assurances from the ORR that it will take such steps. Hon. Members have referred to the consultation that is taking place on the ORR's powers. Any plans to expand the ORR's role take account of its performance to date and its future capability, as well as comments that are received as part of the consultation process.

As a private sector company, Network Rail is not subject to the Freedom of Information Act, nor could it be without primary legislation. However, Network Rail has promised that it is in the process of developing a voluntary information rights code, which will mirror many of the provisions in the Freedom of Information Act. We welcome that initiative and believe that, if properly implemented, it will provide an alternative to legislation. We expect the company to introduce the code alongside a broader package of Government reforms later this year.

My colleagues and I in the Department for Transport, including the Minister of State, Department for Transport, my right hon. Friend the Member for Chipping Barnet (Mrs Villiers)—I am grateful for the comments about her accident, and I am happy to say that she is recovering well—will keep the matter under close scrutiny.

Hon. Members raised a number of specific points, but I must give my hon. Friend the Member for St Albans time to respond properly. If there are any points that I have not dealt with, I will write to the relevant hon. Members.

5.25 pm

Mrs Main: I thank the Minister for his rather rushed response. I accept that he was under pressure of time. I look forward to seeing his written response to any other points that were raised. This has been a valuable and conciliatory debate. As my hon. Friend the Member for Northampton South (Mr Binley) said, it is not about a blame game; it is about ensuring that we have the railway service that our constituents deserve and that the country deserves for its prosperity and future.

We have the weird scenario of a private company supposedly supported by taxpayer's money. I hope that we will end up with something better in future, but I am not sure what the eventual and, we hope, better child will be following privatisation, then full access to public funds and now the chimera that I described earlier. My hon. Friend the Member for Reading East (Mr Wilson) was very defensive about Network Rail and praised it, but he started his speech by saying that 60.4% of delay attributions were its direct responsibility. He was very kind to Network Rail, but he recognised that it has some things to answer for.

My hon. Friend the Member for Northampton South made a powerful speech. I understand his passion for HS2, but he made a powerful business case for things to be much better than they are. I think that all hon. Members agree with that.

I thank my hon. Friend the Member for Suffolk Coastal (Dr Coffey) for her incisive view, particularly of level crossings. My mind was boggling that someone might have to walk through them and shut the doors after them.

Hon. Members today have raised serious concerns about Network Rail. I was concerned when the Minister said that the Office of Rail Regulation has been expected to do more, given that the Public Accounts Committee said in 2011 that it doubted whether the regulator could exert sufficient pressure on Network Rail's performance. The Minister is optimistic and I am sure that he will be sitting on its back and beating it up when necessary, but the public's perception is that it is a toothless tiger. I suggest that he does not give it too long to get its house in order. If it is not delivering, something else must be put in its place quickly. We cannot expect Network Rail to carry on as it is.

It was apt that bonuses were referred to; they were also referred to in the House, and I gather that there is a statement on them today. It may not be possible to prevent the directors of Network Rail from receiving bonuses, but they could stand shoulder to shoulder and

[Mrs Main]

decline them. I suggest that, if they are arguing vociferously for a new structure that awards bonuses of 500% of their salaries, they think again after this debate and the Prime Minister's statement, which I cannot anticipate, but I know the views of many colleagues in the House and those who supported the early-day motion. I also know that the public are disgusted by reward for failure. If Network Rail turns itself around within a short period, the directors could expect to apply for bonuses, but now is not the time, and they should stand shoulder to shoulder with the travelling public and decline bonuses. Although they can have them, they should say that they do not want them.

This debate has been valuable. I look forward to the White Paper, and I hope that we will see a way forward for our rail services in the future.

Question put and agreed to.

5.29 pm

Sitting adjourned.